

# From war lobby to war economy

How the arms industry  
shapes European policies



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**Date:** September 2023

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**Designer:** Davide Mancini

**Credits:** Original photos from European Parliament Media Centre; Romuald Meigneux/  
Sipa Press

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## Executive summary and key findings



*The defence industry is a crucial contributor to the resilience, security of the Union, and therefore to peace and social sustainability*

**Mairead McGuinness, EU commissioner for Financial services, financial stability and Capital Markets Union**  
(Answer to Parliamentary question E-001935/2023, 08.09.2023)<sup>1</sup>

This recent statement comes from a commissioner whose mandate has little to do with the military realm, and has been used by the ASD, the main arms industry lobby group, to promote its narrative. This shows just how far the influence of the arms industry has spread over EU policies.

The EU arms industry has been fostering increasingly close ties with EU policy-makers and institutions, in search of more money (both public and private), long term commitments and close involvement in policies, processes and debates. The EU has increasingly embraced these demands and taken new steps in EU militarisation.<sup>2</sup> This ongoing process has been sped up by the EU response to the Russian invasion in Ukraine from February 2022, but has been in the making since years before, as demonstrated in the 2017 report 'Securing profits, how the arms lobby is hijacking Europe's defence policy' from Vredesactie.<sup>3</sup>

This new report picks up where the report from Vredesactie ended. Far from being content with the European Defence Fund, the armament sector has taken advantage of the new paradigm in favour of EU militarisation to continually push back the limits: from specific funding to the sector to widened access to civilian programmes, ranging from Erasmus+ to structural funds,<sup>4</sup> and more recently calling for unlimited access to sustainable finance.

The first chapter of this report gives an overview of how the arms industry lobby secured increasingly close ties with EU policy-makers and officials. The key findings are:

- The European Commission established a new Directorate-General for Defence Industry and Space (DG DEFIS) in 2019, which functions as a service provider for the European arms (and space) industry. This DG DEFIS is led by the EU commissioner for France, Thierry Breton, who was previously CEO of ATOS and whose nomination raised concerns about potential conflict of interest.<sup>5</sup>
- Breton has created a permanent dialogue between Commission and industry through a new 'Commission expert group on Policies & Programmes relevant to EU Space, Defence and Aeronautics Industry'. He and other high-level officials also have many other meetings with representatives from the arms industry.

- Combined, the ten largest EU arms companies and the two major lobby organisations have had hundreds of meetings with the European Commission since 2014 and over 150 meetings with MEPs since 2019. Specific Subcommittee on Security and Defence (SEDE) chair Nathalie Loiseau (Renew) is one of the key targets for the military industry. Arms companies are also invited for hearings in the Parliament, while critical NGOs and researchers seldom get the chance to speak at such meetings.
- These industry efforts bear fruit: in general, the European Parliament votes overwhelmingly in favour of legislation to support the arms industry, such as the European Defence Fund (EDF) and the Act in Support of Ammunition Production (ASAP), and regularly calls for more funding for the arms industry in its Resolutions.
- Between October 2022 and May 2023 industry and political leaders met at three high-level meetings – two organised by the industry, one by the EU – with the common objectives of fostering closer cooperation, increasing investments and strengthening the EU arms industry. EU High Representative Borrell was a speaker at all of them, Breton at two (both organised by industry). All three meetings also included speakers from the European Defence Agency, from DG DEFIS and from the European Investment Bank as well as many speakers from major arms companies.
- The European Defence Fund, European Defence Industry Reinforcement through Common Procurement Act (EDIRPA) and Act in Support of Ammunition Production explicitly list the fostering of the international competitiveness of the EU arms industry, and thus the promotion of exports to countries outside the EU, as one of their main objectives. Together, the EU countries already are the second-largest arms exporter in the world, with Saudi Arabia as their primary destination.
- Arms companies also increasingly lobby on other policies that are important to them, such as exemptions from environmental regulations, access to raw materials and the militarisation of borders. Despite their success in influencing EU institutions and policies they regularly voice dissatisfaction with the results, emphasising their demands for more money and support.

The second chapter focuses on how the arms industry has mounted a robust and strategic green-washing lobbying campaign within the EU, advocating for its inclusion in the EU's sustainable finance frameworks. These efforts are primarily aimed at improving the financial opportunities of the sector, emphasizing its role in European security and defence.

- As part of the debate on EU social taxonomy, the arms industry vehemently opposes being labelled "socially unsustainable" and instead seeks recognition of the relationship it claims exists between security and sustainability, in a move to rebranding the industry as an essential contributor to societal well-being.
- With the outbreak of the war in Ukraine, industry leaders argue that security is a prerequisite for sustainability, exploiting the crisis to strengthen their position in the sustainable finance discourse. This strategy aims to present the arms industry as a guardian of global sustainability.
- The arms lobby has extended its influence beyond sustainable finance policies to affect other official EU documents. Key European leaders and policymakers alike have expressed support for the defence industry as a strategic pillar of the European economy.

- The influence of the arms lobby on financial institutions has prompted some of them to re-evaluate their defence investments. This narrative has reached the European Investment Bank, which shifted towards greater flexibility in dual-use projects some years ago, and could see the exclusion of direct investment in the arms sector lifted when a new president is appointed at the end of 2023.
- Yet it is essential to recognize the significant ecological footprint associated with the arms industry. The sector contributes to greenhouse gas emissions, generates toxic remnants of war, and causes damage to ecosystems. The industry's attempts to reposition itself as a sustainable player are a green-washing strategy that contrasts with the fact that the nature of military activities engenders death and destruction.

The EU is now moving into a “war economy” mode, and must “learn the language of power” according to several EU and national leaders. Under the influence of the arms industry, the militarisation of the EU continues to gain ground, calling into question the EU as a peace project. This development will increase the risk of member states taking part in armed conflicts, and exacerbate environmental damage and the current climate crisis. The focus on strengthening the arms industry not only diverts much-needed funds away from diplomacy, peace-building, climate resilience and social issues, it also exacerbates the global arms race: increased production capacity will require more outlets and loosened arms export rules that will further fuel war and repression around the world.

## Introduction

*I am strongly convinced that the future of the European defence will start from the defence industry*

**Josep Borrell, EU High Representative**, EDA Annual meeting, 4 December 2020



This quote from the EU High Representative and Vice-President (HR/VP) of the European Commission is illustrative of the increasingly symbiotic relationship between the armament industry and EU decision-makers. It also shows that EU subsidies to arms dealers are a substitute for a genuine EU defence policy, given the divergent national views on what such a policy should be.

In October 2017 the Belgian NGO Vredesactie published the report 'Securing Profits: How the arms lobby is hijacking Europe's defence policy'. It showed the high degree of influence the arms industry – in particular a group of large companies – had in shaping the EU's unfolding military policies, with a focus on its role in the establishment of the European Defence Fund and its precursor programmes.<sup>6</sup>

Since then, the militarisation of the European Union has intensified, leading to increased financial and political support for the armament sector in two main areas of particular interest for this industry: first, the search for more money – not only public funding but also access to private and sustainable finance, and to long term commitments and investments; second, the wish to be closely involved in policy-making, strategic and operational processes and debates. The EU has embraced the arms lobby demands not only with dedicated funds for weaponry, but also by facilitating, and in some cases even privileging, access to a wide range of civilian funds, from Erasmus+ to the Structural Funds and even the LIFE environmental programme, thus marking new stages in the militarisation of the EU.<sup>7</sup>

This process therefore began well before Russia's invasion of Ukraine in February 2022, with the latter serving above all as an a posteriori justification and accelerating factor, leading not only to increased political attention but also to the adoption of new subsidies for the arms industry not provided for in the EU long term budget for 2021-2027, such as the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA) and the Act in Support of Ammunition Production (ASAP). This happened in the same way for the Defence Fund's precursor programmes for the 2014-2020 period.

This new report picks up where the report from Vredesactie ended, looking at what has happened in the six years since then.

The first chapter gives an overview of who the key players of the arms industry lobby are and how they secured increasingly close ties with EU policy-makers and officials, as well as dedicated channels of dialogue allowing them to influence policy-making at a very early stage. Their sphere of influence significantly enlarged to the European Parliament

compared with previous years, as well as to a wider range of policies that are important to them. Meanwhile, critical voices seldom get a chance to be heard.

The second chapter highlights how the arms industry has embarked on a more profound change of narrative, using the Russian invasion as an excuse for shameless green- and social-washing. Linking security to sustainability is now at the heart of the arms lobby's work at both EU and national level, in particular in the context of the European taxonomy, a framework designed to categorize environmentally sustainable economic activities. The ultimate aim is to gain unlimited access to sustainable finance including from the European Investment Bank (EIB), for a sector with a significant ecological footprint that benefits from many exemptions from environmental regulations.<sup>8</sup>





# Funds for war: The arms industry and EU militarisation

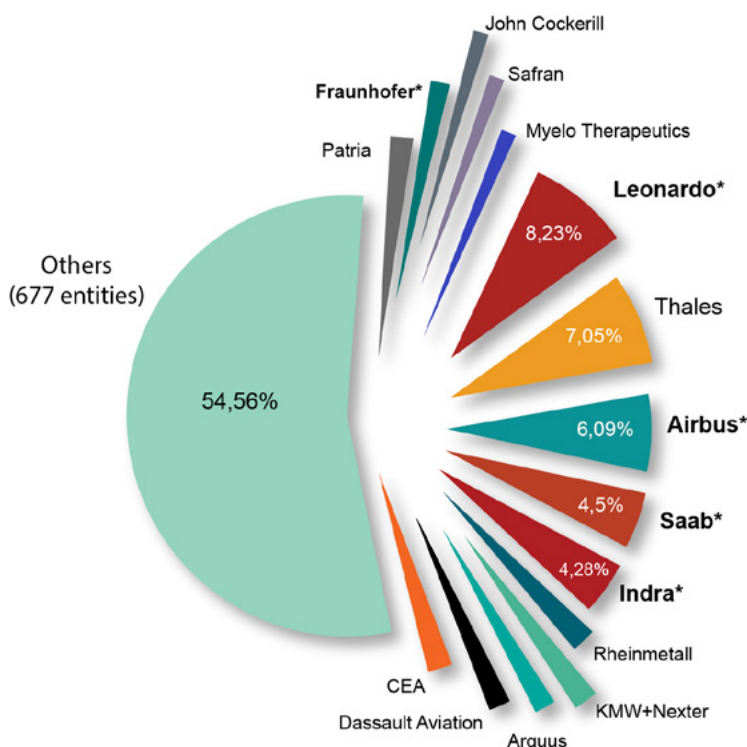
by Mark Akkerman



*Who would have thought years ago that today we would have, through the EDF, a €8 billion European Defence R&D programme able to invest in concrete defence capabilities and technologies?*

**Thierry Breton, European Commissioner for Internal Market,** European Defence and Security Conference, October 2022.<sup>9</sup>

Commissioner Breton asked this question to an audience of EU officials and representatives of the arms industry at the European Defence and Security Conference, organised by a lobby firm in October 2022. For the arms industry, which had been lobbying for such a fund since 2010, it wasn't much of a surprise though: the arms lobby, – in particular a group of large companies – has a high degree of influence in shaping the EU's unfolding military policies, starting with the establishment of the European Defence Fund (EDF) and its precursor programmes.<sup>10</sup> In 2015 the European Commission established an advisory group, the Group of Personalities (GoP, see annex 1), dominated by arms industry representatives, to give advice on an EU-funded military research programme. The resulting report formed the base for the EDF regulation, with an eight billion euro budget under the current EU budget (Multiannual Financial Framework (MFF) 2021-27).<sup>11</sup>



The first round of funded projects (Call 2021) paints a predictable picture, confirming the trend emerging from the EDF precursor programmes in 2017-2020<sup>12</sup>: four of the five main beneficiaries were large EU arms companies represented in the GoP, Leonardo, Airbus, Saab and Indra.<sup>13</sup> Together with other companies (BAE Systems<sup>14</sup>, MBDA) and research institutes (Fraunhofer, TNO) which were part of the GoP, they raked in 38,9% of this first year of EDF funding.<sup>15</sup>

But the arms industry's appetite was not satisfied with the creation of a dedicated envelope; once the

\*Companies that were part of the Group of Personalities

red line according to which the Community budget could not finance activities of a military nature had been crossed, everything accelerated (see table 1).

Very quickly, a number of civilian programmes became accessible to the arms industry, the latter becoming a business like any other: from Erasmus+ for 'skills for defence' to the Structural Funds and even the LIFE environmental programme for greener weapons.<sup>16</sup>

Moreover, the European Defence Agency created a European Funding Gateway for Defence to help the defence sector access European funding,<sup>17</sup> proposing to date no less than 27 different opportunities.

More recently, under the argument of supporting Ukraine, new funding has been adopted as a matter of urgency, notably the Act in Support of Ammunition Production (ASAP) which provides €300 million in subsidies to industry to boost ammunition and missile production until 2025. And in chorus with the industry, both the Commission and the European Parliament are calling for a significant increase in funding programmes for the arms industry from 2025 as part of the 2021-2027 budget review.

Table 1

<b>Key moments in EU militarisation since 2017<sup>18</sup></b>	
2017	Start of the Preparatory Action for Defence Research (PADR) – predecessor of the EDF for military research funding (total budget €90 million for 2017-2029, 18 military research projects funded till 2019)
	Establishment of the Military Planning and Conduct Capability (MPCC), a permanent operational headquarters in Brussels for EU military operations of up to 2,500 troops
	Launch of the Permanent Structured Cooperation (PESCO) in the area of security and defence – Intergovernmental framework for cooperative development of military capabilities by groups of member states
2018	European Commission presents its proposal for the EDF
2019	Start of the European Defence Industrial Development Programme (EDIDP) – second predecessor for the EDF with €500 million for 44 projects for the development of new arms and military technologies until 2020
	Provisional political agreement between EU member states and European Parliament on the EDF proposal
	Establishment of the new Directorate-General for Defence Industry and Space (DEFIS) at the Commission
2020	Completion of the first full implementation of the Coordinated Annual Review on Defence (CARD) – review of member states defence plans and pathfinder for defence cooperative activities.
2021	EU adopts the EDF proposal for 2021-27, with a budget of €8 billion, and publishes first call for projects
	Launch of the European Peace Facility (EPF) – off-budget fund for military aid to non-EU-countries and deployment of EU military missions, with an initial budget of €5.7 billion (2021-2027)
	Launch of the Integrated Border Management Fund (IBMF) – with a budget of €7.2 billion (2021-2027) for strengthening border security and control capacities of EU member states



2022	European Commission publishes its 'Commission Contribution to European Defence' – a set of initiatives for strengthening EU military capacities and support to the arms industry – and a 'Roadmap on critical technologies for security and defence'
	EU member states approve the 'Strategic Compass for Security and Defence', an "ambitious plan of action for strengthening the EU's security and defence policy by 2030" <sup>19</sup>
	European Commission and the High Representative publish a 'Joint Communication on the Defence Investment Gaps Analysis and Way Forward', proposing steps to strengthen the EU arms industry
	EU Council adds €2.3 billion to the EPF, which has mainly been used to supply arms to Ukraine
	EU Parliament adopts a resolution calling for a swift review of the MFF 2021-2027 to increase the budget of military instruments, including the EDF, and support to the arms industry
2023	European Commission publishes a 'European Union Space Strategy for Security and Defence'
	European Commission proposes a mid-term review of the MFF, with €1.5 billion extra for the EDF
	EU Council increases the budget of the EPF to €12 billion
	EU adopts the Act in Support of Ammunition Production (ASAP), with a budget of €300 million to increase ammunition production capacities of EU arms companies
	EU adopts the European defence industry Reinforcement through Common Procurement Act (EDIRPA), with a €500 million budget (from the EDF) to incentivise member states to jointly procure arms

## Commission launches new department for arms industry

The creation of a special department to support the arms industry, uniquely for a specific industrial sector, exemplifies how the EU is embracing the sector. In December 2019 the European Commission established a new Directorate-General for Defence Industry and Space (DG DEFIS). It is "in charge of upholding the competitiveness and innovation of the European Defence industry by ensuring the evolution of an able European defence technological and industrial base" and as such essentially functions as a service provider for the European arms (and space) industry. Some of its tasks and priorities are the implementation of the EDF, the creation of a competitive European defence equipment market, fostering investment in the industry and stimulating cooperation and joint projects.<sup>20</sup>

*The Directorate-General for Defence Industry and Space (DEFIS) is in charge of the competitiveness and innovation of the European Defence industry*



**European Commission website**

DG DEFIS is led by Thierry Breton, Commissioner for Internal Market, with Timo Pesonen as Director-General.<sup>21</sup> On top of being in charge of an unusually large portfolio including the industry at large, defence and space, the appointment of Breton as European Commissioner for this portfolio in 2019 was highly controversial. Until his nomination for this function, he had been CEO of Atos, a French IT company with a broad portfolio, including significant work in the field of defence and security. As CEO Breton had lobbied on policies for which he is now responsible as Commissioner. Before his appointment Corporate Europe Observatory noted that "there is a striking and massive overlap between the interests of the company Breton headed and the remit of the Internal Market portfolio [...], including industrial policy, defence, tech and space. This overlap creates a maze of potential conflicts of interest that would be very difficult to solve."<sup>22</sup>



*There is a striking and massive overlap between the interests of the company Breton headed and the remit of the Internal Market portfolio*

**Corporate Europe Observatory, 2019**

Especially since the creation of DG DEFIS, Breton has established increasingly close links with the military and security industry, for example by creating a permanent dialogue between Commission and industry through a new Expert group (see page 22). He and other high-level officials also have many other meetings with representatives from the arms industry (see table 2).

Table 2

DG DEFIS - meetings with military and security companies (December 2019 - July 2023)*		
Year	Name	Companies met
2019	Thierry Breton	ASD-Eurospace
2020	Thierry Breton	Airbus, ASD, ASD-Eurospace, Atos, Avio, Dassault Aviation, General Electric, Fincantieri, Hensoldt, Indra, Leonardo, MBDA, Mercedes Benz, Navantia, OHB, Saab, Safran, Sensus Septima <sup>23</sup> , Siemens, Smiths Group, ThyssenKrupp, Volvo
	Cabinet members	Airbus, ASD, ASD-Eurospace, Arm, Atos, Avio, Business Bridge Europe <sup>24</sup> , Dassault Aviation, Fincantieri, Hensoldt, Indra, Leonardo, MBDA, Navantia, OHB, Saab, Safran, Sensus Septima, Siemens, ThyssenKrupp, Volvo
	Timo Pesonen	Airbus, ArianeSpace, ASD, ASD-Eurospace, Boeing, Dassault Aviation Diehl, Eutelsat, General Electric, Leonardo, OHB, Patria, Safran, SES, Thales, Volvo
2021	Thierry Breton	ASD, ASD-Eurospace, Airbus, Atos, Business Bridge Europe, Dassault Aviation, Fincantieri, Indra, Leonardo, MBDA, OHB, RHEA System, Thales
	Cabinet members	Airbus, ArianeGroup, ASD, ASD-Eurospace, Atos, Dassault Aviation, Leonardo, OHB, MBDA, RHEA System, Safran, Thales, ThyssenKrupp, Volvo
	Timo Pesonen	ArianeGroup, ArianeSpace, ASD-Eurospace, General Electric, Hispasat, Leonardo, OHB, Rolls-Royce, Thales
2022	Thierry Breton	ArianeGroup, Atos, Business Bridge Europe, OHB, Saab, Sopra Steria, Thales, ThyssenKrupp
	Cabinet members	Airbus, ArianeGroups, Business Bridge Europe, Eutelsat, OHB, Saab, Thales, ThyssenKrupp
	Timo Pesonen	Airbus, ArianeGroup, General Electric, Krauss-Maffei Wegmann, Nexter Systems, OHB, Thales
2023	Thierry Breton	Airbus, Arm, Eutelsat, Fincantieri, GMV, Hispasat, Leonardo, OHB, SES, Thales
	Cabinet members	Airbus, Arm, Fincantieri, GMV, Hispasat, Leonardo, OHB, Rheinmetall, SES, Thales
	Timo Pesonen	Airbus, ArianeGroup, ASD, ASD-Eurospace, Eutelsat, OHB, Safran, Thales

\* Including meetings before the establishment of DG DEFIS with Breton and members of his cabinet in their functions at the Directorat-General for Internal Market / Source: <https://commissioners.ec.europa.eu/thierry-breton-en#transparency>



In the spring of 2023 Breton embarked on a tour of visits to arms companies in eleven EU member states and Norway, in the context of planning to ramp up production capacities, with a focus on ammunition.<sup>25</sup> The purpose of these visits was clear – a service to the industry – as the Commission wrote they were made “to assess the needs of the defence industry so the EU can provide tailored support, including through EU funds, and address relevant bottlenecks”.<sup>26</sup> In Germany, where Breton visited Rheinmetall, he stated that the Commission “want(s) to directly support, with EU money, the ramp-up of our defence industry for Ukraine and for our own security”, as “it does not have the scale today to meet the security needs of Ukraine and our Member States.”<sup>27</sup>

## Revolving door and double functions

The appointment of Breton as European Commissioner is not the only high profile case of the so-called ‘revolving door’. Another prominent example is the case of Jorge Domecq. Until February 2020 Domecq was chief executive of the European Defence Agency (EDA), which tasks include supporting the development of EU member states’ military capabilities and cooperation and strengthening the EU military industry. In this role he was frequently in contact with arms companies, including Airbus, which became his next employer.

Domecq started as Head of Public Affairs and Strategic Advisor for Airbus Defence and Space in Spain just over six months after his departure from EDA. In his new function he would do lobby work and advise Chief Executive Dirk Hoke, whom he had also met in his previous role, on policy and strategic issues, based on his experience at EDA. While he said he wouldn’t directly lobby at EDA, he would at minimum need to advise others at Airbus on how to do so and who to contact.

*Close links between the defence industry and governments in Europe are jeopardising the integrity and accountability of national security decisions*

**Transparency International, 2021**



Domecq needed clearance from EDA to start working at Airbus. He failed to do so in time, only informing EDA two weeks before his first working day and initially not providing sufficient information. Nevertheless, and in spite of EDA identifying possible conflicts of interest, by early September High Representative Borrell, also head of EDA, approved Domecq’s new job. Later, the European Ombudsman concluded that this should never have happened, and that the EDA should have prohibited this move.<sup>28</sup>

When EU or member states’ decision-makers or high ranking officials move into industry or corporate lobby jobs, or the other way around, or have double functions in both worlds, there is a clear risk of conflicts of interest.<sup>29</sup> According to Transparency International, “close links between the defence industry and governments in Europe are jeopardising the integrity and accountability of national security decisions.”<sup>30</sup> It pointed for example to the Kangaroo Group, a Brussels-based lobby organisation on defence and security issues, which counts 15 MEPs as its members (of which three are on its board) as well as arms companies Safran, Airbus, MBDA and Boeing.<sup>31</sup>

At the Aerospace, Security and Defence Industries Association of Europe (ASD) – the main lobby organisation of the European arms industry – most of the lobbyists on its Defence & Security team have a history of working at the European Commission or other EU institutions.<sup>32</sup> Prior to his appointment as Defence & Security Director in 2014, Burkard

Schmitt was a defence expert at the Commission for over eight years.<sup>33</sup> Defence Manager Gabriel Ratiu was Program Officer Land Projects at the European Defence Agency (EDA) from 2016 until March 2023, a few months before he started at ASD.<sup>34</sup> And Vassilis Theodosopoulos, Defence and Security Manager, also has some work history at EDA and the EU Institute for Security Studies.<sup>35</sup>

### **Aerospace, Security and Defence Industries Association of Europe (ASD)<sup>36</sup>**

ASD is the branch and lobby organisation of the European arms industry. Its headquarters are based in Brussels, with a space division (ASD-Eurospace) located in Paris. It has several functions, including advocacy, about which it writes: “To ensure fair competition and an international level playing field, our industries need a strong partnership with the European Union (EU) and its Member States. To achieve this, ASD informs all EU policies that are relevant for maintaining Europe’s industrial leadership in aeronautics, space, defence and security.”<sup>37</sup>

#### **Members<sup>38</sup>:**

- 22 large arms and space companies: Airbus (Transeuropean), BAE Systems (UK), Dassault Aviation (France), Diehl (Germany), Fincantieri (Italy), GKN Aerospace (UK), Hensoldt (Germany), Indra (Spain), KNDS (France-Germany), Kongsberg (Norway), Leonardo (Italy), Liebherr (Germany), MBDA (Transeuropean), Naval Group (France), Navantia (Spain), Patria (Finland), Rheinmetall (Germany), Rolls-Royce (UK), Saab (Sweden), Safran (France), Sopra Steria (France), Thales (France)
- 23 national defence and space industry associations, from: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Turkey and the UK.

#### **Board<sup>39</sup>:**

- Chairman: Guillaume Faury (CEO of Airbus)
- Vice-Chairman: Micael Johansson (President and CEO of Saab)
- Members: CEOs of the other 20 member companies + 10 heads of national associations

#### **Corporate team<sup>40</sup>:**

- Secretary-General: Jan Pie
- Defence & Security Director: Burkard Schmitt

## **Meetings with Commission and Parliament**

Combined, the ten largest EU arms companies and the two major lobby organisations have had hundreds of meetings with the European Commission since 2014 and over 150 meetings with MEPs since 2019 (see table 3).<sup>41</sup> Not all these meetings have been about defence issues, as many of the companies have a broader portfolio, but they nonetheless signal a close relationship. It is noteworthy that during his tenure as High Representative for Foreign Affairs and Security Policy, Josep Borrell has very few meetings listed in his transparency register, of which only one with a private company: a meeting with Airbus in February 2023 to discuss developments in the European defence industry.<sup>42</sup>

Table 3

Ten largest EU arms companies – lobby expenditure and meetings with European Commission (EC)							
Company	Country	SIPRI Top 100	Expenditure (2021)	FTE	Accred-ited lobbyists (2023)	Meetings EC (2014-23)	Meetings MEPs** (2019-23)
Leonardo	Italy	12	€300,000 - €399,999	2.0	3	58	17
Airbus	Trans-European	15	€1,250,000 - €1,499,999***	4.8	3	261	78
Thales	France	16	€300,000 - €399,999	3.5	0	34	7
Dassault Aviation	France	19	€300,000 - €399,999****	0.5	1	17	3
Safran	France	24	€300,000 - €399,999****	5.0	6	21	22
MBDA	Trans-European	27	€50,000 - €99,999	0.5	1	7	6
Naval Group	France	29	€200,000 - €299,999***	2.0	0	11	3
Rheinmetall	Germany	31	€700,000 - €799,999***	5.5	3	2	4
Saab	Sweden	34	€400,000 - €499,999****	3.5	0	19	6
KNDS*****	Trans-European	44	€200,000 - €399,999*****	1.7	2	3	5
Lobby organisations							
ASD*****			€400,000 - €599,999	5.3	12	85	23
EOS <sup>43</sup>			€100,000 - €199,999	1.2	0	18	1
Sources: SIPRI Top 100 – 2021 <sup>44</sup> ; EU Transparency Register <sup>45</sup> ; Transparency International: EU Integrity Watch <sup>46</sup> – * 1 December 2014 – 13 July 2023; ** 1 July 2019 – 13 July 2023; *** in 2020; **** in 2022; ***** association between Nexter and Krauss Maffei Wegmann (combined totals); ***** KMW: 2022, ***** including ASD-Eurospace							

It is unknown if there were meetings with the EU Council as well, as this institution does not participate in the voluntary transparency register. Some permanent representations of member states to the Council have started to do so however, during their presidency or more permanently. Airbus, for example, has had five meetings with the German permanent representation to the Council since November 2019.<sup>47</sup>

In 2019 the European Parliament decided that MEPs with specific roles – rapporteurs, shadow rapporteurs and committee chairs – will be obliged to publish their scheduled meetings with lobbyists on the website of the Parliament. Other MEPs can do so on a voluntary basis.<sup>48</sup> At the end of 2022, Transparency International concluded that many of the MEPs required to register their meetings fall short in doing so and most of the other MEPs don't publish their meetings at all. Because there are also no rules regarding other

meetings with, for example, parliamentary assistants and policy advisers of political groups, “it is not possible to form a complete picture of who lobbies who in the Parliament”.<sup>49</sup>

Keeping these shortcomings in mind, the register of meetings nevertheless gives some insight into the lobby of the arms industry on specific subjects, and which MEPs are the main targets of it. The list of meetings in table 4 shows that they exclusively seem to meet with MEPs from the ECR, EPP, Renew groups, which all have a generally positive stand towards (support for) the arms industry and increasing military spending.

Table 4

Meetings MEPs with military industry on key legislative procedurs (2022-23)				
MEP	Group	Committee	Role	Company
<b>Strategic Compass and EU space-based defence capabilities (2022-23)</b>				
Arnaud Danjean	EPP	AFET	Rapporteur	Airbus
				ArianeGroup
				ASD-Eurospace
				Avio
				OHB
<b>Critical technologies for security and defence: state-of-play and future challenges (2022-23)</b>				
Nicola Beer	Renew Europe	ITRE	Shadow rapporteur	Diehl Stiftung (2x)
				MBDA Deutschland
			Member	Krauss-Maffei Wegmann
<b>European Defence Industry Reinforcement through common Procurement Act (EDIRPA) (2022-23)</b>				
Michael Gahler	EPP	AFET	Rapporteur	Avio and GE Aviation
				Rheinmetall
				Safran
Zdzisław Krasnodębski	ECR	ITRE	Rapporteur	ASD
				General Electric
				MBDA
Ivars Ijabs	Renew Europe	IMCO	Rapporteur	Boeing and GE Aerospace
Sara Skyttedal	EPP	ITRE	Shadow rapporteur	FN Herstel
				Saab (2x)
				Säkerhets- och försvarsföretagen <sup>50</sup>
Dominique Riquet	Renew Europe	ITRE	Shadow rapporteur	Défense Conseil International
				Safran
Dragoş Tudorache	Renew	AFET	Shadow rapporteur	Safran
Tom Vandenkendelaere	EPP		Member	John Cockerill Defense

Christophe Grudler	Renew Europe		Member	Dassault Aviation
<b>Act in support of ammunition production (ASAP) (2023)</b>				
Zdzisław Krasnodębski	ECR	ITRE	Shadow rapporteur	Airbus
AFET: Foreign Affairs – IMCO: Internal Market and Consumer Protection – ITRE: Industry, Research and Energy Source: European Parliament: Legislative Observatory <sup>51</sup>				

The EP specific Subcommittee on Security and Defence (SEDE), attached to the Committee on Foreign Affairs, is chaired by Nathalie Loiseau (Renew).<sup>52</sup> She is another key target for the military industry. At the start of her term she had a meeting on the priorities for the subcommittee with amongst others Airbus, ASD, the Kangaroo Group, MBDA, Rheinmetall and Safran. More meetings with arms companies and ASD followed.<sup>53</sup>

Next to their one-on-one meetings with MEPs, arms companies are also invited for hearings in the Parliament. SEDE for example invited representatives of arms companies MBDA and John Cockerill Defense for the public hearing 'The European defence industry and the urgent need to replenish defence stockpiles within the EU' on 19 September 2023.<sup>54</sup> In their presentations they focused on the industry's requests for more actual orders and to get guarantees for longer term increased demand, which were warmly welcomed by most present MEPs.<sup>55</sup>

These invitations for industry stand in contrast to the way critical NGOs and researchers are treated, they seldom get the chance to speak at such meetings. One of the few exceptions was a hearing on 'The future of defence industrial policy' for the Committee on Industry, Research and Energy, where Ben Hayes of the Transnational Institute (TNI) was a speaker, next to Jan Pie of ASD.<sup>56</sup>

## Parliament supports arms industry

These lobby efforts bear fruit. Loiseau, for example, has been a mainstay for the arms industry from the start of her position in 2019, stating: "We need to strengthen the industrial and technological base of our defence industry. [...] I think we have to be serious if we intend to support the European defence industry – we have to be able to fund."<sup>57</sup> And in the discussion about the Act in Support of Ammunition Production in 2023, she positioned herself in the same way: "Our ammunition production industry in Europe is ready to increase the rate of production to 1 million rounds per year, and the Union must make it happen. This is one more step towards a concrete European sovereignty and an opportunity to support jobs for Europeans."<sup>58</sup>



*We need to strengthen the industrial and technological base of our defence industry. [...] – we have to be able to fund*

**MEP Nathalie Loiseau, chair of EP SEDE Committee, 2019**

In general, the European Parliament votes overwhelmingly in favour of legislation to support the arms industry, such as the EDF and ASAP (see table 5). Moreover, in its own resolutions to the Commission, it emphasizes this position. In a resolution adopted in December 2022 about upscaling the MFF 2021-2027, it calls on the Commission for "a swift revision of the MFF to increase EU defence instruments such as the European Defence Fund, military



mobility and future joint procurement mechanisms for EU defence [EDIRPA and EDIP], provided that they reinforce the EU's Defence Technological and Industrial Base and ensure European added value".<sup>59</sup> And in a resolution on 'critical technologies for security and defence' (April 2023) the Parliament expresses its dissatisfaction with "the insufficient level of financing for defence and security from the EU funds", calls on the Commission to increase funding and to explore how "its security and defence industries could benefit in line with the EU's climate change and defence roadmap", and wants the EU to facilitate better access to private funding for the military industry.<sup>60</sup>

Table 5

Results of votes in European Parliament									
	Total	ECR	EPP	Greens	ID	Left	Renew	S&D	NA
<b>European Defence Fund (2021)<sup>61</sup></b>									
+	527	56	174	3	52	-	96	123	23
-	139	1	-	70	21	31	-	6	10
0	31	4	1	-	1	6	1	16	2
<b>Resolution on Critical technologies for security and defence (2023)<sup>62</sup></b>									
+	520	57	174	56	20	2	90	121	17
-	76	4	-	-	34	22	-	4	12
0	31	-	-	9	1	8	-	4	9
<b>Act in Support of Ammunition Production (2023)<sup>63</sup></b>									
+	505	52	172	52	32	9	86	102	16
-	56	1	-	3	14	18	-	6	14
0	21	1	-	7	5	1	1	4	2
<b>Establishing the European defence industry reinforcement through common procurement act (2023)<sup>64</sup></b>									
+	530	54	159	53	22	9	94	115	23
-	66	1	-	3	32	21	-	-	9
0	32	2	-	9	3	5	-	9	4
+: in favour / -: against / 0: abstention									

## Business Bridge Europe

Next to their own lobbying activities, some arms companies and their umbrella organisation ASD also pay specialised lobbying firms to act on their behalf. The most prominent one they engage is Business Bridge Europe (BBE), founded in 2008 by Joëlle Vanderauwera, who in the previous 15 years switched jobs between communication functions at the European Commission and lobbying work in the private sector.<sup>65</sup> The company focuses its lobby work on several issues, with 'defence' and 'aerospace' standing out.<sup>66</sup> In 2022 BBE was acquired by logos, and as such is now part of multinational communications and marketing holding company MCI.<sup>67</sup>

Over the last decade, BBE represented over 20 companies from the military and security sector in interactions with EU institutions, earning between €1.2 and €4.2 million for this.

EU arms giants Airbus, Leonardo and Thales, and ASD were some of their major clients (see table 6).<sup>68</sup> BBE had 48 meetings with the European Commission (2014-2023) and five with MEPS (2019-2023). In 2015 Transparency International placed BBE as number six in its list of '10 most influential consultancies & law firms' in lobbying the European Commission. In this list it stood out with a relatively small lobby budget (€100,000) between much larger firms with budgets up to over €3 million.<sup>69</sup>

Table 6

Business Bridge Europe – clients from military industry (2013-2022)					
Name	Years	Amount	Name	Years	Amount
ASD <sup>70</sup>	2013-19	€400,000 - €825,000	OHB	2013-22	€80,000 - €250,000
Airbus <sup>71</sup>	2013-22	€555,000 - €1,225,000	Orbex	2021-22	€20,000 - €50,000
Ariane-Group <sup>72</sup>	2013-22	€155,000 - €375,000	RHEA Group	2019-22	€60,000 - €125,000
Avio	2017-19	€30,000 - €75,000	Rolls-Royce	2015-16	€20,000 - €50,000
Fincantieri	2021-22	€0 - €20,000	SABCA	2018-22	€0 - €40,000
GMV	2015-16/21-22	€20,000 - €70,000	Saft Batteries	2017-18	€20,000 - €50,000
Hidesat	2017-19	€0 - €30,000	Saint-Gobain	2018	€0 - €10,000
Indra	2015-16/18-22	€40,000 - €120,000	Scysis <sup>73</sup>	2018	€0 - €10,000
Inmarsat	2013-16	€30,000 - €125,000	Serco	2017-18	€0 - €20,000
Leonardo <sup>74</sup>	2013-22	€110,000 - €325,000	SES	2013-22	€90,000 - €250,000
MBDA	2021-22	€20,000 - €50,000	Thales <sup>75</sup>	2013-22	€100,000 - €300,000
Nexter	2021-22	€0 - €20,000	<b>Total</b>		<b>€1,750,000 - € 4,415,000</b>

Source: EU Transparency Register<sup>76</sup>; \* Business Bridge Europe didn't register a file for the year 2020

## Meeting points: conferences, summits, arms fairs

Since 2021 BBE has been organising an annual 'European Defence and Security Conference', which manages to bring together industry representatives with high-ranking EU and member states' policy makers.<sup>77</sup> Just a few months after the 2022 edition in October, this 'European defence community' met again at the annual conference of the European Defence Agency (EDA) in December.<sup>78</sup> There High Representative Borrell said: "It is good to see here representatives of the Member States, European Union institutions, military and security organisations, academia, think tanks, industry – most importantly industry - and media."<sup>79</sup> And then in May 2023, the 'European Defence and Security Summit' held its fifth edition, co-organised by ASD and European Business Summits, with attendees from the same kind of entities.<sup>80</sup>

In the scope of eight months, industry and political leaders met at three high-level meetings – two organised by the industry, one by the EU – with the common objectives of fostering closer cooperation, increasing investments and strengthening the EU arms industry. It is noticeable that Borrell was present as a speaker at all of them, Breton at two (both organised by industry) and the Commission Vice-President for Promoting our European Way of Life, Margaritis Schinas, at one. All three meetings also included speakers from the European Defence Agency, from DG DEFIS and from the European Investment Bank. From the other side, speakers from industry varied, with none of them at more than one meeting, but most major EU arms companies were represented in the programmes, with Thales as a notable exception (See Annex 2).

*We know that we have to help you. We have to help the defence industry to ramp-up to increase your production capacity*

**EU HR/VP Josep Borrell, EDA Annual Conference, 8 December 2022**

In his opening speech at the EDA Annual Conference, Borrell left no doubts about the perspective of the European Commission in participating in these meetings: “[...] we know that we have to help you. We have to help the defence industry to ramp up, to increase your production capacity.”<sup>81</sup> And Breton, speaking to the European Defence and Security Conference, had good news for the participants from the industry as he said that “we must [...] be clear that our strategic and security interests, as Europe, is to ensure that the European industry is benefiting from these efforts”.<sup>82</sup>

Arms fairs around the world traditionally serve as an important meeting point for policy makers, military officials and industry as well. Starting at the Eurosatory, one of the world’s largest (bi-annual) arms fairs, in Paris in June 2022, DG DEFIS has taken its participation a step further. During the five day-event it was present with a stand and held four information sessions about the European Defence Fund, to present funding opportunities and reach out to potential applicants.<sup>83</sup> DG DEFIS was present in a similar way at the arms fairs DEFEA<sup>84</sup> in Athens, FEINDEF<sup>85</sup> in Madrid (both May 2023) and the Paris Air Show<sup>86</sup> (June 2023).

### **Commission expert group: a permanent communication channel**

In 2021 Commissioner Breton set up the ‘Commission expert group on Policies & Programmes relevant to EU Space, Defence and Aeronautics Industry’, bringing together representatives of large European arms companies, research centres and military industry organisations (see table 7).<sup>87</sup> With this, the arms industry was granted the permanent communication channel with the Commission it had wanted for a long time.<sup>88</sup> The service-like attitude of DG DEFIS was clearly spelled out by Director-General at the start of the first meeting of the group, in September 2021. He spoke of the need for a strong EU arms industry, adding that because “many of the EU policies affect industry directly and indirectly [...] we need a constant dialogue.”<sup>89</sup>

Table 7

<b>Commission expert group on Policies &amp; Programmes relevant to EU Space, Defence and Aeronautics Industry Members (July 2023)<sup>93</sup></b>			
<b>Companies</b>			
Airbus	France	Naval Group	France
Air Liquide	France	Navantia	Spain
ArianeGroup	France	Nexter Systems	France
Avio	Italy	OHB	Germany
Berlin Space Technologies	Germany	OMA	Italy
CITD Engineering & Technologies	Spain	Patria	Finland
Dassault Aviation	France	Rheinmetall	Germany
Fincantieri	Italy	Saab	Sweden
GeoCodis	Slovenia	Safran	France
GMV	Spain	SES	Luxembourg
Hisdesat	Spain	SABCA	Belgium
HPS	Germany	Stam	Italy
IABG	Germany	STT-SystemTechnik	Germany
Indra	Spain	Sybilla Technologies	Poland
Iveco Defence Vehicles	Italy	Tecnobit	Spain
Leonardo	Italy	Terma	Belgium
MTU Aero Engines	Germany	Thales	France
Nammo**	Norway		
<b>Trade and Business associations</b>			
AeroSpace and Defence Industries Association of Europe			Belgium
A.I.A.D.			Italy
ALV - Association of the Czech Aerospace Industry			Czech Republic
Asociace obranného a bezpečnostního průmyslu ČR*			Czech Republic
Bundesverband der Deutschen Sicherheits- und Verteidigungsindustrie e.V.			Germany
Cluster Aerospace technologies, research and applications*			Bulgaria
Czech Space Alliance			Czech Republic
Groupement des Industries Françaises Aéronautiques et Spatiales			France
IdD - Portugal Defence			Portugal
Nederlandse Industrie voor Defensie en Veiligheid			Netherlands
Norwegian Industrial Forum for Space Activities**			Norway
Piedmont Aerospace Cluster			Italy
Polska Grupa Zbrojeniowa S.A. (PGZ)			Poland
SpaceY			France
<b>Research institutes, think tanks, academia</b>			
CoLAB +ATLANTIC			Portugal
Deutsches Zentrum für Luft- und Raumfahrt e.V.			Germany
Fraunhofer-Gesellschaft			Germany
French-German research Institute of Saint-Louis			France

ONERA	France
Partnership of a European Group of Aeronautics and Space Universities	Netherlands
Politechnika Warszawska, Wydział Mechaniczny Energetyki i Lotnictwa	Poland
Totalförsvarets forskningsinstitut	Sweden
Université libre de Bruxelles	Belgium
Vlaamse Instelling voor Technologisch Onderzoek	Belgium
VTT Technical Research Centre of Finland Ltd	Finland
Source: <a href="https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&amp;groupID=3775">https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&amp;groupID=3775</a> * registered as NGO; ** observer Hensoldt and MBDA have been present at several meetings as 'guest experts'. Members are appointed for five years.	

The expert group has subgroups on defence, on policies & programmes relevant to the EU space industry and on critical technologies and supply chains. Unlike most other EU-established expert and other advisory groups with industry representatives, this expert group is more transparent, publishing agendas and minutes of meetings. While the minutes mostly remain quite superficial, and don't mention which company said or asked what, they nonetheless give insight into the topics discussed, reflecting the issues the arms industry lobby has been focusing on in recent years.

### What does the industry lobby for?

At the first meeting of the expert group, on 10 September 2021, member companies were asked what their needs were, leading to a long list of replies. Some of these expressed a wish for a better public and political image, such as "a wider recognition of the role of this industrial ecosystem in ensuring the resilience of society", the ability to attract more young people and not being labelled 'harmful' in the context of the new taxonomy regulation (for more on this, see next chapter on page 30). Others focused on having long term perspectives for the industry, a better level playing field (ie on procurement or export rules), stimulating global competitiveness (facing the US and China), concerns about supply chains and access to raw materials, microelectronics and other critical components, opportunities regarding 'green' and disruptive technologies and disappointment about the perceived lack of support in post-Covid recovery funding.<sup>90</sup>

In the next plenary and subgroup on defence meetings, access to finance – with the industry asking for EU action to guarantee better access to private money<sup>91</sup> – and supply chain issues remained high on the agenda. Meanwhile, the start of the Russian invasion in Ukraine of February 2022 and its consequences – commonly referred to as the 'new geopolitical situation' in the minutes of the meetings – were framed as demanding more urgency on these and other matters. Nonetheless, according to DG DEFIS, this also presented new chances: "People now recognise more than ever the importance of security, and this industrial ecosystem is one of the key factors for European security."<sup>92</sup>

*[There is a] need for a wider recognition of the role of this industrial ecosystem in ensuring the resilience of society*



**Participants to the first meeting of the EC SDA expert group, 10/09/2021**

With the increase in demand for arms and ammunition, in light of EU support to Ukraine and growing military budgets, and the discussion on the proposed European



defence industry reinforcement through common procurement act (EDIRPA), the industry focused on long term perspectives for higher production rates and the availability of raw materials.<sup>93</sup> With Russia traditionally being an important supplier of some of these materials, this is not a new issue. In 2014 ASD already voiced support for EU actions to 'ensure access to critical raw materials'.<sup>94</sup> It has remained a point on the arms industry lobby agenda ever since, for example in the context of the Covid-19 crisis.<sup>95</sup> And in May 2022 the Commission announced an initiative to facilitate access to raw materials for the arms industry, with Breton arguing for an approach that includes starting mining in Europe.<sup>96</sup>

The fourth meeting of the expert group, in March 2023, discussed the attractiveness of the arms industry as an employer and its global competitiveness. Industry proposed that the EU put more efforts and money in communication and public relations to present the sector in a positive light. Regarding competitiveness, there were still many complaints about "the disparities regarding access to market and the amount of investment in EU in comparison with third countries, the burden that environmentally and socially oriented measures are posing on the industry, [...] innovation and capability gaps compared to competitors, lack of private equity, low start-up funding for defence and dual use, and insufficient funding at national level", and demands for "more investments", a "focus on long-term profitability" and "the need for stronger institutional demand."<sup>97</sup>

“  
Member States should consider using defence-related exemptions under national and applicable Union law [...] in particular [...] Union law concerning environmental, health and safety issues

**Act in Support of Ammunition Production (ASAP) regulation (2023/1525), p.12**

The Commission's willingness to listen to industry demands can be illustrated in regard to its complaint about 'environmentally and socially oriented measures', looking at the ASAP regulation, which states that "Member States should consider using defence-related exemptions under national and applicable Union law, on a case-by-case basis, if they deem that the use of such exemptions would facilitate the achievement of [the] objective" of the regulation, ramping up munition production, which "could in particular apply to Union law concerning environmental, health and safety issues", because "the implementation of that law could [...] produce regulatory barriers hampering the Union defence industry's potential to ramp up the production and deliveries of relevant defence products. It is a collective responsibility for the Union and its Member States to urgently look into any action they could take to mitigate possible obstacles."<sup>98</sup> Another part of the

Commission proposal about lifting limits on working times was dropped in negotiations with the Parliament.<sup>99</sup>

## Arms exports: ignoring red flags

"Without exporting arms there will not be a European defence industry", said MEP Nathalie Loiseau, chairwoman of the Subcommittee on Security and Defence of the European Parliament in 2019.<sup>100</sup> This is in line with the tenor of many statements and measures from the EU side, adopting the views of the arms industry-dominated Group of Personalities (GoP) set-up by the European Commission to advise on EU

*Without exporting arms there will not be a European defence industry*

**MEP Nathalie Loiseau, chair of the EP Security & Defence Committee**



*New cooperative programmes at the European level would [...] generate new export opportunities, providing both access to and leverage in international markets*

**Group of Personalities report, 2016**

funding for military research. In its 2016 report, which served as the base for the regulation on the European Defence Fund, the GoP wrote that “domestic demand coupled with export success is essential in order for Europe to retain viable and globally competitive defence industrial players” and “export growth significantly contributes to sustaining the critical mass of European defence companies and highlights the competitiveness, capability, performance and reliability of European export products.” In this context “new cooperative programmes at the European level would [...] generate new export opportunities, providing both access to and leverage in international markets.”<sup>101</sup> This is exactly what has happened since then, as not only the European Defence Fund, but also newer initiatives like the European defence industry reinforcement through common procurement act (EDIRPA) and the Act in Support of Ammunition Production (ASAP), explicitly list the fostering of the international competitiveness of the EU arms industry, and thus the promotion of exports to countries outside the EU, as one of their main objectives.

Together, the EU countries already are the second-largest arms exporter in the world, after the United States. Over the decade 2011-2020, EU arms exports have amounted to a value of €283.5 billion. Saudi Arabia was the primary destination, in spite of its involvement in war crimes in Yemen and its internal repression (see table 8).

Table 8

Top 20 non-EU destinations EU arms exports (2011-2020)*					
Rank	Destination	Value (€ bn)	Rank	Destination	Value (€ bn)
1	Saudi Arabia	30	11	Brazil	6.2
2	United States	26	12	South Korea	5.8
3	India	12	13	Norway	5.1
4	Egypt	12	14	Singapore	5.1
5	Algeria	10	15	Oman	5.0
6	Canada	9.5	16	Indonesia	4.3
7	United Arab Emirates	9.1	17	Israel	4.1
8	Qatar	9.0	18	Pakistan	3.3
9	Australia	6.8	19	Malaysia	2.5
10	Turkey	6.8	20	Thailand	2.4

\* United Kingdom included as EU exporter (2011-2019), non-EU destination (2020); Source: ENAAT EU Export Data Browser (<http://enaat.org/eu-export-browser>), data compiled from Official Journal of the European Union annual reports on the European Union Code of Conduct on Arms Exports

In fact, many of the major destinations of EU arms exports should raise red flags in terms of their track record on human rights, democracy, human development and involvement in armed conflicts.<sup>102</sup> The implementation of the EU Common Position on Arms Exports, which lists criteria that member states should take into account when making decisions on this, clearly falls short of preventing the issuing of problematic export licenses.

Pointing to the Common Position and to the Arms Trade Treaty, the UN Working Group on Business and Human Rights concluded in August 2022 that “while the regulatory framework governing the arms sector contains provisions prohibiting the export of weapons where they are at clear risk of being used in violation of international humanitarian law (IHL) or international human rights law (IHRL), arms products and services are still exported to States where they are used to commit a wide variety of human rights violations, including potential war crimes and crimes against humanity”, with one of the reasons being the existence of “an arms sector regulatory framework that grants States leeway to interpret human rights conditions permissively”.<sup>103</sup>

The Common Position, which was adopted in 2008, is being reviewed roughly every five years. The next review is due to be completed in 2024. While significant changes, for example in the criteria, aren't expected, the arms industry has the wind at its back to have its wishes heard. These relate to the use of general transfer licenses in the context of EDF projects and to increased EU-wide convergence in national decisions on arms export licensing, in particular for arms jointly produced in two or more member states.<sup>104</sup> Those wishes are shared by the European Commission when acknowledging in its ‘Contribution to European Defence’ “that exports are a key success factor for the business model of the European defence industry”, signalling to member states that they should “not restrain each other from exporting to a third country any military equipment and technology developed in cooperation” and should restrict themselves to using the lowest common denominator in applying arms export thresholds.<sup>105</sup> In this manner, arms exports are increasingly accommodated by agreements between individual EU member states, which include to automatically grant licenses for the exports of arms components for assemblance in other state parties, and to not block exports with such components to non-EU-countries.

*[Member states] would respectively not restrain each other from exporting to a third country any military equipment and technology developed in cooperation*



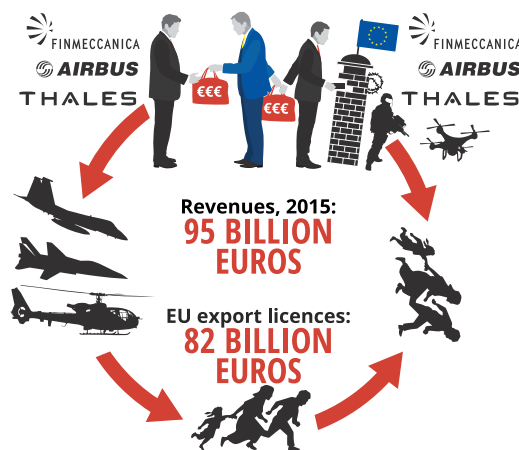
**Commission contribution to European defence COM(2022)60, 15 February 2022, p10-11**

In this context, Germany and France concluded in 2019 the ‘Übereinkommen über Ausfuhrkontrollen im Rüstungsbereich’<sup>106</sup>, which was joined by Spain in 2021 and will likely be joined by The Netherlands as well.<sup>107</sup> This agreement built on an earlier declaration by France and Germany, signed in Toulouse after a visit by then German Chancellor Merkel and French president Macron to the Airbus headquarters. This French-German company was the main instigator of disagreements between both countries after Germany announced a moratorium on arms exports to Saudi Arabia, hindering for example planned French exports of Airbus fighter jets to the country.<sup>108</sup>

## **More than military and arms trade policies**

The lobby of the military and security industry is gaining ever more influence on EU military and arms trade policies, as shown above. However, this is not their only focus, as arms companies also increasingly lobby on other policies that are important to them. A well-known example is migration policy, where the industry has successfully pushed for securitization and militarisation of borders.<sup>109</sup> Also on this issue, the EU isn't shy in inviting industry to give input for policy and strategy making. In February 2018, for instance, the Directorate-General for Migration and Home Affairs (DG HOME) of the European

Commission organised the 'Industry Day on Border Surveillance and Integrated Border Management'. EU and member states' officials met up with military and security companies to discuss the future of EUROSUR, the EU border monitoring and surveillance system. Next to leading officials from DG HOME, Frontex and EDA as speakers, Giorgio Gulienetto, Head of Technical Collaborations at Leonardo and chair of the Integrated Border Working Group of EOS gave a speech on 'the role of industry'. DG HOME wrote that "on a longer term the workshop would set the foundations of an improved cooperation with research and industry communities in the area of border surveillance and border management."<sup>110</sup>



*Illustration from TNI's report: Border Wars- The Arms Dealers profiting from Europe's refugee tragedy (2016)*

In March 2023, Frontex, the European Commission and Europol organised the 'Conference on Innovative Technologies for Strengthening the Schengen Area'. Several companies, including Airbus and IDEMIA (a biometrics ID security company that partly originated from Safran), were present to share "their solutions for various aspects of border management and security". One of the key takeaways of the conference was to work on increasing cooperation with industry.<sup>111</sup>

Arms companies are regular visitors at Frontex's headquarters in Warsaw, during both industry days<sup>112</sup>, which happen every few months to allow companies to demonstrate their equipment and technologies for specific purposes, and in direct meetings with Frontex personnel. The (limited) Transparency Register shows for example meetings with Airbus in 2021 and 2022.<sup>113</sup>

## Industry still not satisfied

In spite of all the efforts by the Commission and other EU institutions and agencies to facilitate and support the arms industry on a wide range of issues, reactions from the industry side often voice ongoing dissatisfaction. Whether it is about the billions of euros the EU is pumping into the industry, initiatives to remove 'obstacles' for exporting, access to private finance and to raw materials, or the increasing speed with which support measures are introduced, it is never good enough.

After the agreement on EDIRPA, ASD Secretary General Jan Pie commented that "[i]t remains to be seen whether the agreed budget of €300 million will be sufficient to make a tangible difference in terms of interoperability and economies of scale", adding that "a future European Defence Investment Programme (EDIP) must be more comprehensive, strategic

and ambitious.”<sup>114</sup> Pie’s reaction to the adoption of ASAP was even more reserved, expressing that ASD “regret[s] the limits and the sources of the financial envelope. Using the budget of the European Defence Fund (EDF) to fund ASAP is particularly disappointing in this respect, as it undermines the long-term development of the European defence industry.”<sup>115</sup> While he expresses hope the proposed increase of the EDF budget by €1.5 billion will make up for this, he earlier argued that this budget should be raised to at least the €13 billion the European Commission mentioned in its first proposal.<sup>116</sup>

In an interview with the professional website Defence Industry Europe, ASD Defence & Security Director Burkard Schmitt<sup>117</sup> was not very positive about the huge increases in EU military spending either, stating that it “can also become a double-edged sword for the European industry”, because “the first priority is to fill existing capability gaps as fast as possible rather than investing for the future.”<sup>118</sup> In the same light, Pie accused EU member states of “still operating by peacetime processes”.<sup>119</sup>

Yet another sore spot is the perceived lack of efforts from the EU side to facilitate the arms industry’s access to private finance. The European Investment Bank (EIB) is a key target for complaints on this matter, as it doesn’t finance investments in arms, ammunition and military equipment. “If the EU’s own bank won’t loan money to the defence industries, why should other banks do it?”, an unnamed industry representative remarked.<sup>120</sup> Yet, the EIB in recent years has launched new initiatives with billions of euros available for ‘dual use’ and ‘security’ projects, which to a large extent circumvent these prohibitions on military investments.<sup>121</sup>

## Conclusion

Since 2022, support for the arms industry has been framed in terms of a reaction to Russia’s invasion of Ukraine, but it is important to understand that the new measures are mostly just accelerations of already ongoing processes,<sup>122</sup> and that they are meant for the long term. The ASAP negotiations were revealing in this respect, with the arms industry on the one hand refusing any form of constraint in exchange for additional support, with the argument that it should not lose “credibility and reliability in the eyes of their export customers”<sup>123</sup>, and on the other claiming the need for long-term order commitments - over a decade at least - before speeding up production.<sup>124</sup> The final ASAP Regulation shows just how effective the arms industry lobby has been with European decision-makers (Parliament, Commission and member states) as it stipulates that “the measures taken at Union level should aim at reinforcing the competitiveness and resilience of the European Defence Technological and Industrial Base (EDTIB) in the field of ammunition and missiles, to allow its urgent adaptation to structural change.”<sup>125</sup>

The extra billions of euros to be thrown at the arms industry in the context of ASAP, EDF and other EU initiatives are being taken away from much needed funding, not only for diplomacy and peacebuilding as alternatives to the use of force, but also for the fight against climate change and environmental degradation which are destined to be major root-causes of violence in the near future. The arms industry is even shamelessly exploiting these fundamental challenges to the future of humanity in order to reach its next goal: unlimited access to sustainable finance.

*If the EU’s own bank won’t loan money to the defence industries, why should other banks do it?*



**Unnamed industry source in Euractiv, 27 June 2023**







## War for Funds: Unveiling greenwashing strategies to access sustainable finance

by Chloé Meulewaeter<sup>126</sup>

*Ask people around you if they think manufacturing weapons is a compatible activity with sustainable development: there is a strong chance they will say no. Then ask them: ‘Do France and Europe need an efficient army to preserve freedom and peace on our continent?’ this time, undoubtedly, the answer will be yes*



**Patrick Caine, CEO of Thales.**<sup>127</sup>

*“Can peace and sustainable development not go hand in hand?”* further questions Caine. Linking security to sustainability is, indeed, at the heart of the arms lobby’s work to access sustainable EU funding, in a thinly veiled exercise in greenwashing.<sup>128</sup>

The European Taxonomy, a framework designed to categorize environmentally sustainable economic activities, has been lauded as a cornerstone of the European Union’s commitment to combat climate change and promote sustainability. However, beneath the surface, a complex tangle of interests and narratives emerges as the military industry grapples with the implications of being excluded from the realm of sustainable finance. This chapter critically examines the greenwashing efforts employed by the military industry within the context of the European Taxonomy, shedding light on the obstacles it faces, its strategic arguments and the role of the Ukrainian conflict in strengthening the arguments of the arms lobby in European and financial institutions.

### Understanding the European Taxonomy

In an era marked by growing awareness of environmental and social imperatives, institutions and governments are grappling with the intricacies of achieving a just transition to an economically and ecologically sustainable society. Against the backdrop of the United Nations Sustainable Development Goals and the 2030 Agenda, the European Union is implementing strategies to intertwine sustainability and finance. According to the EU, the concept of sustainable finance revolves around supporting economic growth while alleviating environmental pressures, especially in line with the climate and environmental objectives of the European Green Deal.<sup>129</sup> The integration of environmental, social and governance (ESG) criteria in investment decision-making is central to this endeavour.<sup>130</sup>

**The EU Taxonomy stands as the cornerstone of the EU’s sustainable finance framework. It enables financial and non-financial entities to share a common definition of economically sustainable activities while fostering sustainable investment within the EU**

In 2018, the European Commission adopted, through the Sustainable Finance Action Plan, a proposal for a taxonomy regulation and asked the Technical Expert Group on Sustainable Finance (TEG) to develop the environmental taxonomy, a standardized classification system for sustainable economic activities. The TEG has 35 members from civil society, academia, business and the financial sector. A list of the organizations and names of the members can be found in Annex 3. The work of the TEG culminated in the adoption of the EU Taxonomy Regulation on July 12, 2020.

Table 9. EU Sustainable Finance Legislation

Year	EU Policy	Objective
2018	Action Plan – Financing sustainable growth	Set out a comprehensive strategy to further connect finance with sustainability
2020	European Green Deal	To ensure sustainable growth and environmental protection Reach net-zero GHG emissions by 2050 Decouple economic growth from resource use Leave no person and no place behind
	EU Taxonomy regulation	Covers environmental activities and objectives only Establishes clear definitions of what is an environmentally sustainable economic activity Helps investors and companies to make informed investment decision
2022	Final report on social taxonomy	Covers social activities and objectives

The EU Taxonomy stands as the cornerstone of the EU’s sustainable finance framework. It enables financial and non-financial entities to share a common definition of economically sustainable activities while fostering sustainable investment within the EU.<sup>131</sup> The basic structure of this environmental taxonomy is a set of performance thresholds for economic activities, which:

- Make a “substantial contribution” to at least one of the six defined environmental objectives.<sup>132</sup>
- “Do not significantly harm” any of the other five environmental objectives.
- Comply with minimum safeguards.
- Comply with applicable technical screening criteria.

The environmental taxonomy, thus, provides a classification tool that determines what is an environmentally sustainable activity, and it is supposed to help banks and investors to decide what to invest in.

*Under pressure from associations, NGOs and a few political currents, financial institutions implement internal guidelines limiting cooperation with defence companies*

**Federation of German Security and Defence Industries (BDSV), 2021**

### **Military sector's response to taxonomy through greenwashing**

In the wake of the EU Taxonomy's approval, in March 2021, an alliance of national defence industry associations across Europe<sup>133</sup>, under the umbrella of BDSV, a German military lobby, raised their collective voice. Their concern reverberated regarding the manipulation of the ESG criteria. They contended that these standards were being employed in a way that was hindering their entry into the financial and insurance sectors, stating: "Under pressure from associations, NGOs and a few political currents, financial institutions implement internal guidelines limiting

cooperation with defence companies".<sup>134</sup> These industry representatives accused financial institutions of succumbing to external pressures and crafting internal guidelines that limited their collaboration with defence enterprises. They argued that these criteria were being selectively and unfairly applied, consequently excluding them from participation in financial products deemed "sustainable." They claimed that "while our industry fully supports environmental protection, an improper application of the Social and Governance criteria severely affects Europe's defence industry". They also underlined that "in addition, NGOs and some market participants increasingly call for the establishment of a list of by definition ESG-incompatible industries or business activities as part of the EU's Sustainable Finance Taxonomy".<sup>135</sup>

In the middle of this growing chorus of concern, the European Aerospace, Security, and Defence Industries Association of Europe (ASD), the principal military lobby in the EU, amplified the sentiment. Expressing deep apprehension, the ASD condemned the exclusion of the arms industry from the realm of sustainability criteria, arguing that this narrative unfairly tarnished defence efforts. According to the ASD, the unwarranted stigmatization of defence endeavours as incompatible with ESG standards risked undermining the industry's financial viability, while stating that "companies that develop and build products for Europe's security and comply with national and EU laws must be recognized as an indispensable part of a sustainable society".<sup>136</sup> That argument is made clear by national lobbies as well. For example, in the Netherlands, the Netherlands Industries for Defence and Security (NIVD) stated that "these [taxonomy] regulations do not adequately reflect the defence and security sector's crucial contribution to achieving robust sustainability goals, including in the long term".<sup>137</sup>

*Companies that develop and build products for Europe's security and comply with national and EU laws must be recognized as an indispensable part of a sustainable society*

**ASD Considerations on Sustainability and the European**

In response to the Taxonomy, the military industry has deployed various strategies reminiscent of greenwashing. One approach is traditional greenwashing, which involves manipulating ecological initiatives to create a facade of environmental responsibility. This includes initiatives such as reforestation projects and energy-efficient technologies to present a more eco-friendly image. However, the type of greenwashing we are focusing on here is more about a shift in narrative, one that links security with sustainability. The industry argues that a stable defence sector is a prerequisite for safeguarding peace and stability, while also being essential for addressing environmental and social challenges.

## Nexus security-sustainability

“Security is the precondition for any sustainability” says the ASD, the main European arms lobby.<sup>138</sup> In a bid to recast the military as a “sustainable and responsible actor”, arms industries are pressing for acknowledgment as ESG-friendly sustainable investment opportunities. The narrative they present is one of symbiotic links between security and sustainability. In response to the prevailing circumstances, the arms industry has adopted what seems to be a strategic greenwashing tactic, employing arguments aimed at branding their operations as “socially sustainable”. These arguments seek to position them as “legitimate sustainable actors”, as BDSV, a consortium of 221 arms manufacturers, states.<sup>139</sup> Within this context, a series of propositions have emerged, prominently featuring the notion that the security and stability provided by the defence sector are integral to fostering social and economic sustainability. This perspective asserts that investments in defence technologies not only bolster security but also contribute to long-term social well-being. Furthermore, a steadfast insistence is placed on the pivotal role of security as a precondition for sustainable development, as the NIDV make clear when stating that “without industry there is no armed forces, and without armed forces there is no security. And certainly not sustainability”.<sup>140</sup>

*Without industry there is no armed forces, and without armed forces there is no security. And certainly not sustainability*



**Netherlands Industries for Defence and Security (NIDV)**  
**‘Defence is interested in your sustainable projects’, April 2023**

The declaration issued by BDSV encapsulates these viewpoints. It urges both EU institutions and national governments to acknowledge the strategic importance of the defence industry and prevent its exclusion from sustainable financial and regulatory frameworks. The statement emphasizes the industry’s role as a linchpin of sustainability, citing its contributions to security and the realization of the United Nations’ Sustainable

Development Goals. BDSV concludes its message with a resounding call for the EU to recognize the defence technological and industrial base (EDTIB) as a legitimate and sustainable actor, underlining that the European security and defence industry is essential for a sustainable society.<sup>141</sup> This communication ultimately asserts that defence companies adhering to national and EU laws constitute an indispensable component of a sustainable society. It advocates for the recognition of the positive contributions of the defence industry to sustainability, while also urging



*In order to be able to decarbonize, you first need a foundation of national stability and security*

**Steve Murray, Strategy & Marketing VP, Thales, 2022**

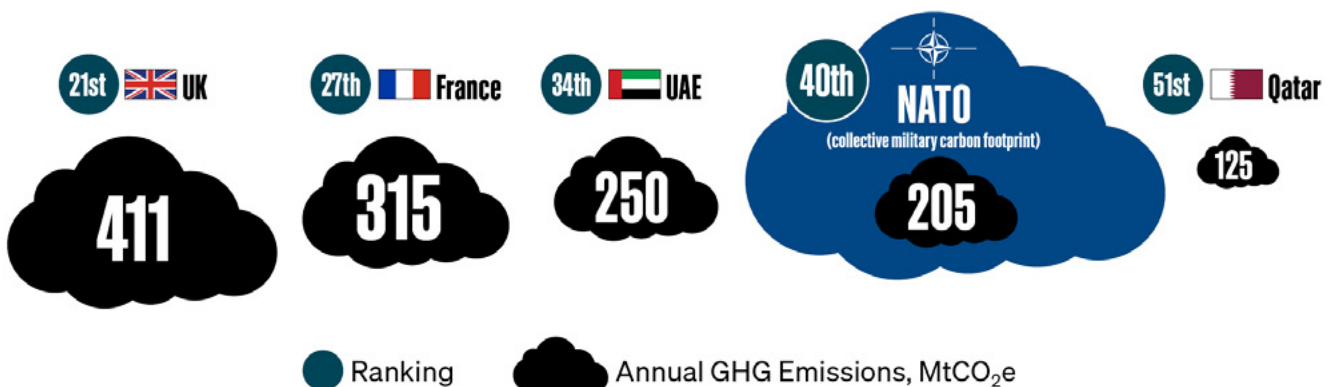
vigilance against exclusions that could undermine Europe’s security and autonomy.<sup>142</sup> And the ASD expands on this perspective, highlighting the industry’s contributions to peace, international cooperation and socio-economic development, and asserts that defence is fundamental to security and, consequently, European defence manufacturers intrinsically contribute to a more sustainable world.<sup>143</sup> In the same vein, Hans Christoph Atzpodien, CEO of the German defence industry lobby group BDSV, fervently calls on the EU to recognize the defence industry as a positive contributor to “social sustainability”.<sup>144</sup>

Steve Murray, Vice-President of Strategy and Marketing at Thales, takes this concept a step further, perceiving the battle against climate change as intrinsically tied to defence. He posits that “in order to be able to decarbonize, you first need a foundation of national stability and security”.<sup>145</sup> According to Patrice Caine, CEO of Thales, the irony of the European Taxonomy is that it affects companies that support the Armed Forces of their member states, on environmental and ethical grounds, while these same armed forces would be instrumental in dealing with the consequences of climate change. According to the CEO, and other organizations, climate change can act as a “threat multiplier” in conflicts, and will generate increasingly frequent and intense natural disasters, for which only the armed forces would have the resources to respond effectively.<sup>146</sup> As we can see, the arms industry’s arguments are based on positioning itself as a legitimate actor for global sustainability and stability, while other arguments regarding the considerable ecological footprint generated by military activity as a whole, and the destabilizing effect of the arms trade, are ignored.

### On the military ecological footprint

Indeed, the military industry and armed forces are responsible for a considerable ecological footprint, which they are careful not to mention when they present themselves as defenders of the planet. Together, they produce a military ecological footprint made up of three dimensions.<sup>147</sup> First, CO<sub>2</sub> emissions. It is estimated that military CO<sub>2</sub> emissions represent approximately 5% of total greenhouse gas emissions. That global figure represents more than commercial air transportation and container ship transportation combined. Furthermore, the consumption of fossil fuels by the armed forces is extremely high, especially in the air forces. According to the TNI report,<sup>148</sup> if all the world’s armed forces were taken together as a single country, it would be the 29th largest oil consumer in the world.


**If NATO’s militaries were a single country, it would rank as the world’s 40th biggest carbon polluter out of 196 nations.**



First published in ‘Climate Crossfire’, a report published by the Transnational Institute, Stop Wapenhandel, Tipping Point North South, Centre Delas & IPPNW Germany – design by Evan Clayburg.



Secondly, the military ecological footprint comprises the toxic remnants of war. These are pollutants that are released into the environment either through the use of weapons during armed conflicts, during military training, or in the phases of military R&D and weapons production. These toxins remain in the atmosphere, water and soil for decades, with harmful effects on the health of people, wildlife and vegetation. The third dimension of the military ecological footprint refers to the damage to ecosystems (aquatic, terrestrial and atmospheric) caused by all military industrial and military activities. This damage ranges from habitat destruction to the death or extinction of species. Such damage is particularly striking at military bases, where damage occurs in a continuous and sustained manner in the same area. It is clear that even if we were to reach a hypothetical situation of zero net emissions by 2050, the military industry - and the military sector as a whole - could not be considered a sustainable activity since the nature of its activities generates death and destruction.

 *The reasoning for declaring activities socially harmful could be based on two sources. The first source would be internationally agreed conventions, for example, on certain kinds of weapons*

**Platform on Sustainable Finance's report on social taxonomy, February 2022**

### **The social taxonomy: a "stigmatization" of the industry?**

The EU taxonomy adopted in 2020 contained only reference to environmentally sustainable activities. For this reason, the European Commission gave the Platform on Sustainable Finance the mandate to work on extending the taxonomy to social objectives, including areas like fair pay, gender equality, and humane supply chains.<sup>149</sup> In February 2022, the final report was published, and the arms industry has not been left untouched by this development.

According to the newspaper El País,<sup>150</sup> which reportedly gained access to a confidential version of the report prior to its publication, the group advising the Commission recommends excluding "activities

that blatantly oppose the social objectives of the EU or inherently and inevitably cause harm." This definition would exclude the defence sector and "stigmatize" it alongside industries like gambling or tobacco. Following El País, this approach would ensure that harmful sectors or activities such as arms, gambling, or tobacco cannot be labelled as socially sustainable "even if they yield positive outcomes for workers".

According to the Platform on Sustainable Finance report,<sup>151</sup> "significantly harmful activities could be those which are fundamentally and under all circumstances opposed to social objectives. These are activities for which there are no ways to make less harmful". The experts then establish two sources to declare activities as harmful: "The first source would be internationally agreed conventions, for example, on certain kind of weapons. The second source would be research on the detrimental social effects of certain activities to identify significantly harmful activities". In the case of arms, international agreements would serve as the source to determine which companies are excluded from the taxonomy. The list of international treaties concerned is given in Annex 4. Interestingly, according to a recent GRIP (Groupe de Recherche et d'Information sur la Paix et la Sécurité) report,<sup>152</sup> the two established sources for declaring activities as harmful lead to paradoxical results. Following Maïté Bol,<sup>153</sup> referring to the first source, as far as conventional weapons are concerned, the inclusion of legal instruments such as Protocol V of the Convention on Certain Conventional Weapons leads to a relatively large exclusion of certain conventional weapons from the taxonomy. Similarly, the inclusion of the Treaty on the Prohibition of

Nuclear Weapons (TPNW) goes beyond the current practices followed by banks and financial institutions that do not mention TPNW in their exclusion policies. Moreover, the inclusion of TPNW in the taxonomy amounts, in a way, to imposing standards on European states that have not ratified the treaty. This would mean that financial stakeholders and arms companies based in their territories would be indirectly bound by rules that these states have not recognized as valid. In that sense, it seems unlikely that chapter 8 on “Harmful activities to be considered for a social taxonomy” will be approved as it stands. Concerning the second source, the arms industry can argue that the security provided by its products creates economic development and the maintenance of democracy. But others may point to the various adverse social impacts of armed violence. Given the confusion engendered by the text, it is legitimate to doubt whether the social taxonomy will be approved by the Commission as it stands.

## **How the arms lobby influences the social taxonomy and others EU documents**

Still, Europe’s defence industries have urged EU institutions to clarify the sector’s status in accordance with the sustainable finance legislation. Industry experts argue that the public perception of the sector directly influences banks’ willingness to provide loans. According to El País,<sup>154</sup> Commission sources believe that “it is important to reassure the industry that nothing is ready-made” and add that “the Commission will ensure that the taxonomy does not contradict the body’s political priorities, which include the development of a robust defence policy”. In this respect, the statement by Thierry Breton, Commissioner for the Internal Market, to the Euro-Parliamentarians of the Subcommittee on Security and Defence on November 29, 2021, makes it clear that the social taxonomy will not affect the arms industry: “I have been extremely vocal against the stigmatisation of our defence industries in access to finance. There are some ideas here and there. We make sure that they do not see the light of day. Our strategic autonomy is at stake.”<sup>155</sup>

*I have been extremely vocal against the stigmatisation of our defence industries in access to finance. There are some ideas here and there. We make sure that they do not see the light of day*



**EU Commissioner Thierry Breton to the European Parliament, 29 November 2021**

The influence of the arms industry’s lobby on European policies is discernible not only in the European taxonomy but also extends to other official EU documents. Charles Michel, President of the European Council, Ursula von der Leyen, President of the European Commission, Thierry Breton, European Commissioner for Industry and Defence, and Josep Borrell, head of European diplomacy, unite around a singular principle: on a European scale, defence is of key importance, requiring the reinforcement of Europe’s strategic autonomy and sovereignty. Notably, these efforts are aligned with the arms industry’s efforts to position its activities as sustainable, as evidenced by various official EU documents.

In December 2022, President Ursula von der Leyen of the EC introduced the concept of establishing an EU Sovereignty Fund “for an industry made in Europe”. In a recent communication regarding the Green Deal, the Commission characterizes the forthcoming Fund as “a structural answer to the investment needs, on critical and emerging technologies relevant to the green and digital transitions”. In alignment with this perspective, Thierry

Breton, in his blog, enthusiastically embraces the creation of the EU Sovereignty Fund, expressing that the time has come to “put our money where our mouth is and mobilise a much more significant budget” for European defence industrial capabilities.<sup>156</sup> This Fund is expected to be accessible to the arms industry, thereby exemplifying the recognition of the armament sector as a foundational pillar of the European economy and an essential driver of the requisite green transition. EU Council President Charles Michel underlines this view in his blog post, in which he proposes building on the concepts articulated by von der Leyen and Breton, and exploring the feasibility of an EU sovereignty fund for capital investment in innovative and strategically vital projects in green energy, digital technology and defence.<sup>157</sup> The arms lobby’s efforts to position its activities as sustainable can also be found in other official EU documents. For instance, a press release concerning European defence from February 2022 explicitly affirms that the Commission will ensure

*The Commission will ensure that other horizontal policies, such as initiatives on sustainable finance, remain consistent with the EU’s efforts to facilitate the European defence industry’s sufficient access to finance and investment*



**EC press release, 15 February 2022”**

that European policies “such as initiatives on sustainable finance, remain consistent with the EU’s efforts to facilitate the European defence industry’s sufficient access to finance and investment”.<sup>158</sup> This identical phrase is mirrored in the Strategic Compass for Security and Defence, a Council document under the guidance of Josep Borell. This document advocates for EU member states to “spend more and better in defence”, if we are to address “the challenges of a more dangerous world and be more resilient”.<sup>159</sup> The very inclusion of references to “sustainable finance” - which directly ties into the social taxonomy- in the Strategic Compass underlines the extent of the arms industry’s influence on a document that is intended to chart the course for European defence strategy.

During a Q&A session on the “Commission contribution to European defence in the context of the Strategic Compass” the statements indicate that “sustainable defence can contribute to the sustainable economic recovery” and would have “the potential of greatly contributing to the green transition and resulting in positive spill-overs for civilian use”<sup>160</sup> in a clear reference to the EU taxonomy framework.

In parallel, the 2022 annual report on the implementation of the Common Security and Defence Policy (CSDP) was formally adopted during the European Parliament’s plenary session in January 2023. This significant document notably underscores the positive outcomes stemming from investments in the defence industry, particularly in economic and technological terms, and calls for EU policies “to be consistent with the EU’s efforts to strengthen the defence industry”.<sup>161</sup> It specifically calls for the “strengthening of the industries’ access to private funding to ensure that the European Defence industry has sufficient access to public and private finance and investment on a sustainable basis” in a

*It is important to promote the defence industry for its ethical values, which serve the defence of our nations*



**Admiral Hervé de Bonneaventure, Defence advisor to the CEO of MBDA Group, SEDE hearing, 19 September 2023**

clear reference to the EU taxonomy framework. That point was on the table again at a public hearing at the subcommittee on Security and Defence on 19 September 2023. When asked about the arms industry making profit from the war in Ukraine, Admiral Hervé de Bonneaventure, Defence, Advisor to the Chief Executive Officer of the MBDA Group, answered that regarding the social taxonomy initiative “if, of course, we point fingers at the defence industry as an evil industry, we weaken the European defence industry”. He insisted on the needs for funding, especially for SMEs that are “scrutinized by banks, even though they are essential to the defence of our European continent” and concluded that “it is important to promote the defence industry for its ethical values, which serve the defence of our nations”.<sup>162</sup>

Also, prominent European leaders are stepping forward as advocates for the arms industry. For example, French President Emmanuel Macron made important statements on the French arms industry on June 13, 2022 in Villepinte.<sup>163</sup> In his speech, President Macron stressed that “European taxonomy cannot and must not disqualify our industrialists or put them in difficulty.” This statement highlights the notion that environment and defence are not inherently incompatible. These lobbying efforts by leaders play a key role in shaping the discourse around the inclusion of the defence industry in the European taxonomy.

### **Pressure on the European Investment Bank**

The European Investment Bank (EIB) is another player in the defence financing debate. Although historically reluctant to finance armaments, there is a shift towards greater flexibility in dual-use projects, linked to a Memorandum of Understanding (MoU) with the European Defence Agency (EDA). If the EIB were to change its stance on direct investments in arms production, this could serve as a convincing argument for the arms industry to persuade domestic banks to relax their restrictions as well. The EIB’s 2018 operations plan highlighted the growing need for European security and defence, proposing a framework known as the “Protect, Secure, Defend: European Security Initiative” to substantially increase funding to €6 billion over three years in areas such as dual-use technology, cybersecurity and civil security.<sup>164</sup> However, EIB President Werner Hoyer emphasized caution in investing in arms production to maintain access to capital markets. In his 2022 statement, Hoyer reaffirmed this position saying, “Speaking of sovereignty, we must not forget that Europe’s defence requires support. While the EIB does not finance arms and explosives, we support European security with funding in dual-use sectors such as aerospace and cybersecurity. Here, too, we exceeded our targets and delivered well over €1 billion last year”.<sup>165</sup> Kris Peeters, Vice-President of the EIB, provided additional context in May 2022. He stressed the importance of maintaining the coherence of European policies, particularly in defence and sustainability. Peeters stressed that achieving this balance is essential, especially considering the potential implications of social taxonomy for defence funding. He emphasized that European defence initiatives must be effectively aligned with sustainability objectives without jeopardizing progress on either.<sup>166</sup> The question remains whether the exclusion of arms and munitions from EIB investments will persist beyond Hoyer’s term, which is expected to conclude by the end

*Germany is warming to a French plan that would expand the powers of the European Investment Bank to allow it to finance defense projects such as the buying of weapons and military supplies*



**Politico, 26 September 2023**

of 2023. Unsurprisingly, the latest news already shows that Germany now favours the idea of the French government and its Commissioner, Thierry Breton, to broaden the EIB's mandate to enable it to finance defence projects such as the purchase of weapons and military supplies<sup>167</sup>. The red line for EIB investments now seems to have shifted to the financing of nuclear weapons.

## War in Ukraine: a catalyst for shifting narratives

A few days before the publication of the report on social taxonomy, the war in Ukraine began. While advisers to the European Commission had come up with recommendations to label the defence sector "socially unsustainable", the arms industry fiercely contested this claim. As their lobbying efforts intensified in the corridors of the EU, the start of the conflict in Ukraine conveniently became a rallying point to push for inclusion in the EU taxonomy. Industry leaders insisted that safety is a prerequisite for sustainability. Indeed, by linking security concerns to sustainability goals, the industry is trying to strengthen its position against criticism, while presenting itself as a guardian of global stability.

*It is the defence industries that help democracies ensure their sovereignty, security, and stability*



**Patrick Cain, CEO of Thales, 3 March 2023, in Le Figaro**

Patrice Caine, CEO of Thales, has brazenly articulated a distorted narrative, asserting that "it is the defence industries that help democracies ensure their sovereignty, security, and stability".<sup>168</sup> This blatant<sup>169</sup> attempt to equate the production of arms with societal well-being exemplifies the industry's audacity in co-opting terms like "stability" and "security" to gloss over the ethical and environmental dilemmas associated with its products. Hans Christoph Atzpodien of BDSV is unashamedly seizing on the Ukrainian crisis to advocate for the recognition of arms manufacturing as a "positive contribution to social sustainability".<sup>170</sup> He argues that the invasion underscores the importance of a robust national defence, conveniently sidestepping the fact that such a crisis is exacerbated by the very arms his industry produces. Charles Woodburn, CEO of BAE Systems, presents another argument, suggesting that the pendulum has swung towards a "balanced position of ethical considerations, ESG considerations, co-existing with the need for defence and security".<sup>171</sup> Rupert Soames, ex-chief executive of Serco, goes even further, attempting to paint a romantic picture of military defences as a "social good" with "inherent social value".<sup>172</sup> This audacious attempt to capitalize on a crisis to whitewash the arms industry's image conveniently ignores the devastating human toll and environmental impact of warfare.

*If you see what is happening to Ukraine, it's easy to see that military defences are a social good and have an inherent social value*

**Rupert Soames, CEO of Serco, in The Telegraph, 27 February 2022**

In the lead-up to the Ukraine conflict, a noticeable trend emerged within the banking sector – a palpable reticence to engage with the defence industry. According to The Financial Times, some financial institutions distanced themselves from defence companies with turnovers surpassing a



certain threshold in defence-related activities. Lobbying pressure intensified then from 2022 onwards, drawing the attention of political authorities to the difficulty of accessing private financing due to ESG criteria.<sup>173</sup>

In this context, major industry players, including Airbus, Dassault, Fincantieri, and Leonardo, all members of the lobby ASD, rallied against the social taxonomy. Jan Pie, Secretary General of the ASD, reiterated the implications: "it would be extremely detrimental for the industry if the Commission concluded it is not socially sustainable. Since two years, a growing number of European banks are refusing to work with the sector, and investors are also retreating amid fears of a negative spiral".<sup>174</sup> This mounting apprehension also resonated with Armin Papperger, CEO of Rheinmetall AG, who disclosed that German lenders LBBW and Bayern LB had cut credit to his firm due to ESG concerns.<sup>175</sup> The predicament took a more structured form when Eric Trappier, President of the French Defence Industries Council (CIDEF) and CEO of Dassault Aviation, wrote a letter to Sébastien Lecornu, French Minister of the Armed Forces: he cautioned against the indiscriminate application of sector-specific norms by financial institutions linked to the EU's sustainability agenda, and warned of the "growing difficulties" faced by the arms industry "in its relations with banks and investment funds". These difficulties are linked to the application by the financial sector of specific rules linked to the EU's policy of orienting investments towards activities qualified as sustainable.<sup>176</sup>

According to the sector, the limited access to bank loans has repercussions beyond finance. At stake would be the erosion of competitive advantage, devaluation of investments and hindering innovation. For these reasons, they call for clear guidelines and equitable treatment in the area of sustainable finance. "With the trouble in accessing bank loans, European defence companies are at risk of losing their competitive edge", Bertrand Delcaire, VP Head of Investor Relations of the French defence company Thales said. "Fewer European investors means a lower valuation on the market, and, more broadly, less money to fund innovation" Delcaire told EURACTIV.<sup>177</sup> According to Patrice Caine, CEO of Thales, the exclusion of the defence sector from sustainable finance is having significant repercussions for European defence contractors. This exclusion is gradually limiting their access to capital markets, discouraging European investors and causing their market value to lag behind peers in the US, UK, and Asia. Moreover, Caine says it negatively impacts the perception of Europe's future high-tech industries, making them less attractive to talent and putting them at a competitive disadvantage in the job market.<sup>178</sup>

However, it is questionable whether the industry is exaggerating when it complains about restricted access to private funding. Indeed, the military industry's exclusion is not focused on arms production as such, but rather on the production of certain types of "controversial" weapons, mainly nuclear weapons, and despite this, overall investment in this type of weapon continues to rise. Indeed, the latest report by the NGO Don't Bank On The Bomb establishes that between January 2019 and July 2021, \$685.164 million was invested in 25 arms companies that produce nuclear weapons, representing an increase of \$44 billions on the previous year.<sup>179</sup> Nevertheless, according to the report, 338 institutions have financing or investment relationships with the 25 nuclear weapons companies, representing a decrease of 52 financial institutions compared with the previous

*The war in Ukraine[...] is a real opportunity to renew the dialogue between financial players and the defence industry*



**Sylvie Matelli, Deputy Director of IRIS, March 2023**



year. Among the top 10 financial institutions financing nuclear weapons production (outside the USA) are Deutsche Bank (Germany) with \$14,030 million, BNP Paribas (France), with \$12,622 million, Crédit Agricole (France) with \$10,938 million, Société Générale (France) with \$9,169 million, Groupe BPCE (France) with \$7,046 million, and Santander (Spain), with \$6,328 million.

However, the geopolitical upheavals provoked by the Ukrainian crisis may have disrupted the narrative of financial institutions' reluctance to invest in armaments. According to Sylvie Matelly, Deputy Director of the French Institute for International and Strategic Affairs, in a Policy Paper from The Armament Industry European Research Group, an influential think tank, "the war in Ukraine, through the insufficient means dedicated to the defence and security of Europe that it highlights, is a real opportunity to renew the dialogue between financial players and the defence industry".<sup>180</sup> It seems that banks, once cautious, began recalibrating their financial policies vis-à-vis defence-oriented enterprises. In April 2022, SEB, a Swedish bank already announced its acceptance of the arms industry into its ESG funds, explaining its intention to support "democracy, freedom, stability, and human rights" and the Norwegian pension fund KLP now says they can "invest in arms manufacturers only if they can prove that their products 'are not used in illegal conflicts'".<sup>181</sup>

This shift represents a move towards a more open and permissive stance on military funding, and the debate is increasingly framed through the lens of ESG principles. Citi,



*The reassessment of many countries' defense requirements (...) combined with the perceived enhanced ESG credentials of defense companies as a result of the altered security environment, are creating a new era for the defense sector*

**Citibank, Public sector perspectives, 2023**

for example, advocates the interplay between defence, security and sustainability, asserting that peace and stability underpin societal well-being.<sup>182</sup> In a research paper on sustainability, Deutsche Bank goes in the same direction, stating that, regarding the social merit of certain defence capabilities, "the debate will contribute to more inclusive approaches from asset managers regarding ESG investing strategies".<sup>183</sup> This rhetoric underscores a subtle recalibration of banks' engagement with the defence sector, linking ESG principles and security issues. That is what the arms lobby has been working for.

However, this shift does not apply to all financial institutions. For the ethical banks, arms production is a clear exclusion criterion for any type of investment. Triodos Bank points this out in the wake of the debate on the arms industry's lobbying within the EU to declare investment in armaments as sustainable, stating that "there is no room for arms and related products to be considered sustainable under the upcoming EU social taxonomy".<sup>184</sup> Moreover, the extent to which renewed interest in investing in the military industry is due to changes in investment policies and ESG criteria, or to improved reputation and profit prospects, needs to be explored.

## Conclusion

According to the think tank IRIS “it is not enough to say that defending Europe is an essential condition for resilience and sustainability. It is important to make it a reality by explicitly addressing this activity in all the initiatives of the European Commission’s Sustainable Finance Action Plan”.<sup>185</sup> Since the publication of the Platform for Sustainable Finance report in 2022, the social taxonomy has been at a standstill, and sources agree that the delay in its approval by the Commission is due to political reasons.<sup>186</sup> Indeed, while the taxonomy approved in 2020 focuses on ecological issues, whose indicators are scientific indicators, the indicators of the social taxonomy are political. In this regard, while the defence sector is not explicitly mentioned in the taxonomy, the arms lobby pushes for recognition of the link between sustainability and security in the social taxonomy and asks the Commission to clarify whether arms production is considered a socially sustainable activity, as reflected in a parliamentary question by Tomáš Zdechovský of the EPP parliamentary group.<sup>187</sup> In response to Zdechovský’s inquiry, Mairead McGuinness, the EU Commissioner on Financial Services, Financial Stability, and Capital Markets Union, emphasized that the Commission acknowledges the need to ensure access to finance and investment, including from the private sector, for all strategic sectors, and that the EU Sustainable Finance Framework does not impose limitations on financing specific sectors, except for controversial weapons prohibited by international conventions. The Commissioner also highlighted the Commission’s commitment to facilitating the European defence industry’s access to finance and investment through various instruments, including the proposal of a ‘ramp-up fund’ under the Act in Support of Ammunition Production (pending adoption by the co-legislators at the time of writing), to act as leverage and guarantee for SMEs to access private finance.

The influence of the arms lobby on policies related to sustainability, security, and finance within the European Union has become increasingly evident in recent years. This lobby has embarked on a strategic effort to position itself as a legitimate and even necessary actor in the sustainability agenda. It remains to be seen to what extent the influence of the arms lobby will ultimately shape sustainable finance policies within the EU. Although the lobby has made a considerable effort to reframe its discourse and advocate for the integration of security and sustainability, critical issues remain to be resolved. The significant ecological footprint of the arms industry and the ethical dilemmas associated with its products pose challenges to its aspirations for inclusion in sustainability frameworks, although as we have seen, the narrative on the security-sustainability nexus is permeating European institutions. The outcome will depend on the balance between the influence of the arms lobby and the counterarguments and concerns raised by civil society.

The EU’s final position on this issue will have far-reaching implications, not only for the financial prospects of the arms industry, but also for the credibility and integrity of the EU’s broader sustainability goals.

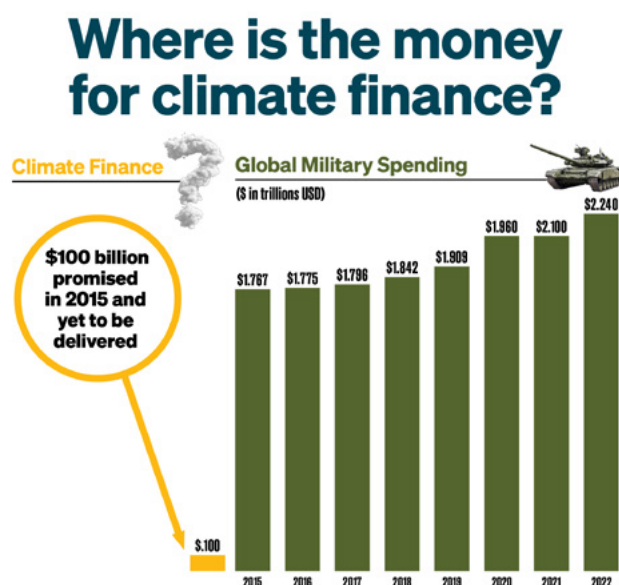
## Concluding remarks

“ From the traditional soft power, [Europe] must progressively evolve towards hard power with the attributes that this requires ”

**Commissioner Thierry Breton, press conference on ASAP, 3 May 2023**

In 2017 Bram Vranken (Vredesactie) concluded his report ‘Securing Profits’ about the EU arms industry lobby by asking if the EU was moving “towards a permanent war economy”.<sup>188</sup> Six years later the answer is a resounding ‘yes’, coming from Commissioner Thierry Breton himself. At a press conference about the Act in Support of Ammunition Production (ASAP) in May 2023, he stated that “we need to move into a ‘war economy’ mode”.<sup>189</sup> Breton has also bidden farewell to the EU’s origins as a peace project, saying in his address to the European Defence and Security Conference in October 2022: “From the traditional soft power, [Europe] must progressively evolve towards hard power with the attributes that this requires.”<sup>190</sup> To achieve this, there seem to be very few limits to the EU’s willingness to accommodate the arms industry, which is embraced in this process as a partner in policy-making, rather than as a commercial sector looking to increase its own revenues and profits.

The influence of the arms lobby expanded to European sustainable finances and related policies. Through an effective green-washing strategy, the industry has successfully framed security concerns as integral to sustainability, thus reshaping the narrative around its activities. This influence extends not only to the social taxonomy but also to other official EU documents, and it has prompted certain financial institutions to reevaluate their engagement with defence-oriented enterprises.



First published in ‘Climate Crossfire’, a report published by the Transnational Institute, Stop Wapenhandel, Tipping Point North South, Centre Delas & IPPNW Germany - design by Evan Clayburg.

Digging deeper into these trends, it becomes increasingly clear that the militarisation of the European Union continues to gain ground. Public and private funding of the defence industry is expanding, breaking down the barriers that preserved the European Union's original project. This development raises serious concerns about the increased possibility of EU member states taking part in armed conflicts. In addition, it raises significant environmental concerns, as increased militarisation is likely to exacerbate environmental damage and further intensify the current climate crisis. This calls into question the objectives and relevance of European sustainable development initiatives. Such a move also puts the arms industry in direct competition with other industrial sectors that are key to the ecological transition, but which for the most part do not benefit from the same political support as this highly sensitive sector.

Since 2022, many measures and statements in support of this industry have been framed in terms of a reaction to Russia's invasion of Ukraine, but these are mostly just accelerations of already ongoing processes,<sup>191</sup> which are meant for the long term. It seems that the wolf has entered the sheepfold, jeopardizing the fundamental principles on which the European Union was founded.



**The extra billions of euros to be thrown at the arms industry in the context of ASAP, EDF and other EU initiatives are not only being taken away from much needed funding for diplomacy, peacebuilding, climate resilience and social issues; they are also harnessing a system that will need an outlet for its increased arms production capacities after the war in Ukraine is over, most likely by increasing EU arms exports to non-EU-countries, with less restrictions and thresholds, further fuelling war and repression around the world.<sup>191</sup>**

## Annex 1

### Members of the 2016 Group of personalities and their sherpas

Members	Function & entity	Sherpas
<b>Industry and research centres</b>		
Fernando Abril-Martorell	CEO of INDRA	David Luengo
Antoine Bouvier	CEO of MBDA	Didier Gondallier de Tugny
Håkan Buskhe	CEO of Saab	Marcus Johansson
Paul de Krom	President and CEO of TNO	Albert van der Steen
Thomas Enders	CEO of Airbus Group	Nathalie Errard
Ian King	CEO of BAE Systems	Tim Lawrenson
Mauro Moretti	CEO of Finmeccanica	Massimo Baldinato
Reimund Neugebauer	President of the Fraunhofer Institute	Klaus Thoma
Arndt Schoenemann	Managing Director of Liebherr-Aerospace Lindenberg GmbH, Chairman of ASD	Michael Langer
<b>Other representatives</b>		
Carl Bildt	former Swedish PM and Foreign Affairs Minister	Dinesh Rempling
Michael Gahler	Member of the European Parliament	Gerrit Schломach
Elisabeth Guigou	President of the Foreign Affairs Commission of the French parliament, former EU Affairs minister	Jean-Pierre Devaux
Bogdan Klich	former Minister of Defence, member of the Polish Senate	Melchior Szczepanik
Federica Mogherini	EU HR/VP, Vice-President of the European Commission, Head of the EDA	Laure Frier (EEAS), A. Alexis & M. Blom (EC)
Teija Tiilikainen	Director of the Finnish Institute of International Affairs	Elina Saarimaa
Nick Witney	former EDA Chief Executive, ECFR Senior Policy Fellow with the European	Sven Biscop
<i>Source: GoP final report, 2016</i>		



## Annex 2

Speakers from EU institutions and industry at high-level 'European defence community' meetings (October 2022 – May 2023)

Name	Function	Entity	EDSC	EDA	EDSS
<b>European Union</b>					
Robert Brieger	Chairman	EU Military Committee	+		
Joseph Borrell Fontelles	High Representative & Vice-President	European Commission	+	+	+
Thierry Breton	Commissioner Internal Market		+		+
Margaritis Schinas	Vice-President / Promoting our European Way of Life				+
Christiane Kirketerp de Viron	Head Unit Cybersecurity and Digital Privacy DG CONNECT				+
Christos Economidou	Deputy Director Sea-basin Strategies, Maritime Regional Cooperation and Maritime Security, DG MARE				+
Diego De Ojeda Garcia-Pardo	Head of Unit Foreign, Security and Defence Policy, Secretariat General				+
Ekaterina Kavvada	Director Innovation and Outreach DG DEFIS		+		
François Arbault	Director Defence Industry DG DEFIS		+		+
Guillaume de la Brosse	Head Unit Innovation, Start-Ups and Economics DG DEFIS		+		
Nynke Tigchelaar	Head Unit EDF Implementation – Defence Technologies DG DEFIS		+		
Sylvia Kainz-Huber	Head Unit EDF Implementation – Programming & SME Support DG DEFIS		+		
Timo Pesonen	Director-General DG DEFIS		+	+	
Anna Samsel van Haasteren	Deputy Head Unit Innovation, Start-Ups and Economics DG DEFIS				+
Simon Mordue	Chief Foreign Policy Advisor to the President	European Council			+
André Denk	Deputy Chief Executive	European Defence Agency			+
Stefano Cont	Director Capability, Armament and Planning		+		
Jean-François Ripoche	Director Research T&I		+	+	
Jiří Šedivý	Chief Executive		+	+	
Carine Claeys	Special Envoy for Space	European External Action Service			+
Joanneke Balfoort	Director Security and Defence Policy		+		+
Charlies Fries	Deputy Secretary General CSDP and Crisis Responses		+		
Kris Peeters	Vice-President	European Investment Bank	+		+
Kim Jørgensen	Director-General			+	

Roger Havenith	Deputy Chief-Executive	European Investment Fund	+		
Lukas Mandl	Vice-Chair SEDE Subcommittee	European Parliament	+		
Bart Groothuis	Member ITRE Committee		+		
Cristophe Grudler	Vice-Chair Sky and Space Intergroup		+		
Cristian-Silviu Busoi	Chair ITRE Committee		+		
Holger Krag	Head Space Safety Programme	European Space Agency		+	
<b>Military and security industry</b>					
Antoine Bouvier	Head Strategy, Mergers & Acquisitions and Public Affairs	Airbus	+		
Laurynas Šatas	CEO	AKTYVUS Photonics		+	
Yevhen Gavrillov	General Director	Antonov			+
Jan Pie	Sectary General	ASD			+
Deborah Allen	Chair Task Force Green Defence Group Director	ASD BAE Systems			+
Giorgio Mosca	Chair Cyber Task Force Vice-President	ASD Leonardo			+
Andrea Nativi	Chair Defense Business Unit Senior Vice-President	ASD Leonardo			+
Alessandro Profumo	President CEO	ASD Leonardo	+		
Tujia Karanko	Sectary General	Association of Finnish Defence and Aerospace Industries		+	
Olivier Lemaitre	Secretary General	Eurospace			+
Claudio Graziano	Chairman	Fincantieri			+
Pablo Gonzalez	Director NATO and EU Defence & Space	Indra		+	
Ignacio Mataix	CEO		+		
Eric Béranger	CEO	MBDA	+		
François Dupont	Senior Vice-President for European Affairs	Naval Group	+		
Donato Martínez Pérez de Rojas	Vice-President Defence	Navantia			+
Nicolas Chamussy	CEO	Nexter	+		
Lutz Bertling	Chief Strategy and Development Officer	OHB	+		
Pascal Rogiest	Managing Director Cybersecurity Division and CSO	RHEA Group	+		
Micael Johansson	President and CEO	Saab			+
EDSC – European Defence and Security Conference, co-organised by Business Bridge Europe (October 2022) <sup>192</sup> EDA – European Defence Agency annual conference (December 2022) <sup>193</sup> EDSS – European Defence and Security Summit, co-organised by ASD (May 2023) <sup>194</sup>					

### Annex 3

#### Members of the Technical Expert Group

Organisation	Name
<b>AIG Europe</b>	<b>Dawn Slevin</b>
Allianz Global Investors	Steffen Hoerter
Bloomberg	Nadia Humphreys
<b>BNP Paribas asset management</b>	<b>Helena Viñes Fiestas</b>
<b>Borsa Italiana</b>	<b>Sara Lovisolo</b>
Carbone 4	Jean-Yves Wilmotte
<b>Cassa Depositi e Prestiti S.p.A.</b>	<b>Pierfrancesco Latini</b>
CDP (Carbon Disclosure Project)	Nico Fettes
<b>Climate Bond Initiative</b>	<b>Sean Kidney</b>
<b>EIT Climate KIC</b>	<b>Sandrine Dixson-Decleve</b>
EACB	Tanguy Claquin
EFFAS	José Luis Blasco
EnBW AG	Thomas Kusterer
Eurelectric	Jesús Martínez Pérez
<b>Finance Watch</b>	<b>Thierry Philipponnat</b>
<b>Green and Sustainable Finance Cluster Germany</b>	<b>Karsten Loeffler</b>
GRI (Global Reporting Initiative)	Eszter Vitorino
ICMA	Nicolas Pfaff
<b>KfW Bankengruppe</b>	<b>Karl Ludwig Brockmann</b>
Luxembourg Stock Exchange	Paula Redondo Pereira
Mirova	Manuel Coeslier
MSCI	Veronique Menou
Nordea	Aila Aho
<b>PRI</b>	<b>Nathan Fabian (Rapporteur - Taxonomy)</b>
<b>RICS</b>	<b>Ursula Hartenberger</b>
SCOR	Michèle Lacroix
SEB	Marie Baumgarts
Swiss Re Ltd	Claudia Bolli
Thomson Reuters	Elena Philipova
Unilever	Michel Pinto
<b>WiseEuropa</b>	<b>Maciej Bukowski</b>
WWF	Jochen Krimphoff
	Andreas Hoepner
	Brenda Kramer
	Paolo Masoni

Source: TEG (2020).  
Taxonomy Working Group members are in bold.

## Annex 4

### List of treaties and convention included in the social taxonomy

Treaty/Convention	Year	Description
The Declaration of Saint Petersburg	1868	Covering explosive projectiles weighing less than 400 grams
The Hague Declaration	1899	Covering bullets that expand or flatten in the human body
The Hague Regulations	1907	Covering poison and poisoned weapons
The Geneva Protocol	1925	On chemical and biological weapons
Treaty on the Non-Proliferation of Nuclear Weapons	1968	
Convention on the prohibition of biological weapons	1972	
Protocol I to the Convention on Certain Conventional Weapons	1980	Covering weapons that injure by fragments which, in the human body, escape detection by X-rays
Protocol III to the Convention on Certain Conventional Weapons	1980	On incendiary weapons
The Convention on the Prohibition of Chemicals Weapons	1993	
Protocol IV to the Convention on Certain Conventional Weapons	1995	On blinding laser weapons
Protocol II, as amended to the Convention on Certain Conventional Weapons	1996	On mines, booby traps and "other devices"
Convention on the Prohibition of Anti-Personnel Mines	1997	
Protocol V to the Convention on Certain Conventional Weapons	2003	On explosive remnants of war
Convention on Cluster Munitions	2008	
Treaty on the Prohibition of Nuclear Weapons	2017	
Upcoming treaties for example on autonomous weapons would have to be considered as well		
<i>Source: Platform on Sustainable Finance, 2022.</i>		

## Endnotes

- 1 [https://www.europarl.europa.eu/doceo/document/E-9-2023-001935-ASW\\_EN.html](https://www.europarl.europa.eu/doceo/document/E-9-2023-001935-ASW_EN.html) ; the quote is inspired by Recital 46 of the proposal for a regulation on establishing the Act in Support of Ammunition Production (ASAP), COM(2023) 237 final
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- 3 Vranken, Bram (October 2017) 'Securing Profits: How the arms lobby is hijacking Europe's defence policy'. Vredesactie. Available at: [https://www.vredesactie.be/sites/default/files/pdf/Securing\\_profits\\_web.pdf](https://www.vredesactie.be/sites/default/files/pdf/Securing_profits_web.pdf)
- 4 'A militarised Union', Op. cit, p.40-42
- 5 Corporate Europe Observatory (10 November 2019) 'Thierry Breton, the corporate commissioner?'. Available at: <https://corporateeurope.org/en/2019/11/thierry-breton-corporate-commissioner>
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- 11 Akkerman, Mark, Pere Brunet, Andrew Feinstein, Tony Fortin, Angela Hegarty, Niamh Ní Briain, Joaquín Rodríguez Álvarez, Laëtitia Sédou, Alix Smidman and Josephine Valeske (March 2022) 'Fanning the Flames: How the European Union is fuelling a new arms race'. ENAAT/Stop Wapenhandel/TNI. Available at: <https://enaat.org/wp-content/uploads/2022/03/FanningtheFlames.pdf>
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- 13 The largest beneficiary was Thales, which wasn't represented in the GoP, but is very active in lobbying EU institutions in other ways (see for example the table of meetings with the Commission and MEPs on page 17)
- 14 After Brexit, BAE Systems (UK) isn't a big player in EU-funded research anymore.
- 15 Masson, Hélène (17 July 2022) 'European Defence Fund: EDF 2022 Calls results and comparison with EDF 2021'. FRS. Available at: <https://www.frstrategie.org/sites/default/files/documents/specifique/2023/EDF2022-2021-STATS.pdf>
- 16 'A militarised Union', Op. cit, p.40-42
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- 18 For more details about several of these key steps – including summaries, analysis and comments – see the list of publications by ENAAT at: <http://enaat.org/european-union/enaat-documents-and-interesting-links-related-to-the-eu>
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- 20 [https://commission.europa.eu/topics/defence\\_en](https://commission.europa.eu/topics/defence_en); [https://defence-industry-space.ec.europa.eu/eu-defence-industry\\_nl](https://defence-industry-space.ec.europa.eu/eu-defence-industry_nl); While space also has civilian components, the sector is becoming increasingly militarised over the last few years; Dimitrov, Tomas and Julien Bocquet (3 May 2023) 'The ever-growing link between space and defence'. logos. Available at: <https://logos-pa.com/insights/the-ever-growing-link-between-space-and-defence/>
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- 25 Brzozowski, Alexandra, Aurélie Pugnet and Lucia Yarr (23 March 2023) 'Commission to know EU defence industry capacities in 2-3 weeks, Breton says'. EURACTIV. Available at: <https://www.euractiv.com/section/defence-and-security/news/commission-to-know-eu-defence-industry-capacities-in-2-3-weeks-breton-says/>
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- 27 Pacheco, Marta (24 May 2023) 'Breton visits Germany to seek support on EU's development of ammunition'. Brussels Morning. Available at: <https://brusselsmorning.com/breton-visits-germany-to-seek-support-on-eus-development-of-ammunition/32163/>
- 28 Corporate Europe Observatory (26 May 2021) 'EU Defence Agency under pressure to change rules after Airbus revolving doors scandal'. Available at: <https://corporateeurope.org/en/2021/05/eu-defence-agency-under-pressure-change-rules-after-airbus-revolving-doors-scandal>
- 29 <https://www.alter-eu.org/the-revolving-door-in-detail>
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- 32 <https://asd-europe.org/about-us/team>
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- 36 Previously named Aerospace and Defence Industries Association of Europe
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- 38 <https://asd-europe.org/about-us/members>
- 39 <https://asd-europe.org/asd-board-members-cloned>
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- 41 Some of the meetings are with more than one company, so there might be some overlap in the numbers.
- 42 <http://ec.europa.eu/transparencyinitiative/meetings/meeting.do?host=da0a9b50-ac7c-47dd-8c54-bc621602b6b3>
- 43 European Organisation for Security (<https://eos-eu.com/>), which members list includes Airbus, Collins Aerospace, Hensoldt, Indra, Leonardo and Thales (<https://www.eos-eu.com/members>); Giacomo Speretta of Leonardo is the current Chairman of the Board of Directors (<https://www.eos-eu.com/board-of-directors>).
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## **About ENAAT**

The European Network Against Arms Trade (ENAAT) is an informal network of European grassroots peace groups working together in research, advocacy and campaigning. The network was founded in 1984 in an international conference on arms production and military exports in the Netherlands.

Although European governments claim not to export arms to countries at war or violating human rights, European arms are sold all over the world with very few restrictions. Arms trade is a threat to peace, security and development, and the arms industry is a driving force behind increasing military exports and expenditure.



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